

COMBINED MARIJUANA LICENSING AUTHORITY
REBEKAH HALL 113 WEST COLUMBIA AVENUE TELLURIDE, CO 81435
JUNE 15, 2017 1:00 PM

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES:
 Combined Marijuana Licensing Authority dated March 05, 2015
- III. PUBLIC HEARING
 Application by **Dragon Partners, LLC** d/b/a Green Dragon Colorado, for a **new Retail Marijuana Store License at 119 W Colorado Avenue**, Telluride, Colorado 81435. The application was filed on March 7, 2017 by Andrew Levine, 930 West Byers Place, Denver CO 80223, LLC Member.
- IV. ADJOURNMENT

**MINUTES OF THE TOWN OF TELLURIDE
COMBINED MARIJUANA LICENSING AUTHORITY
MARCH 05, 2015 AT 2:00 PM**

Public Hearing on the Application of Alpine Wellness, LLC d/b/a Alpine Wellness to Renew its Medical Marijuana Center License at 300 West Colorado Avenue, Unit 2C, Suites B – H, Telluride, Colorado 81435.

I. CALL TO ORDER

Tiffany Kavanaugh, the Clerk for the Town of Telluride Combined Marijuana Licensing Authority called the meeting to order at 2:00 p.m. The following were present: Jennifer S. Fox, the Hearing Officer and staff present include Lauren Bloemsma, Town Clerk. Michael Grady and Nolan Murphy were present representing applicant, Alpine Wellness, LLC.

II. APPROVAL OF MINUTES

Clerk Kavanaugh requested approval of the minutes from the December 23, 2014 Combined Marijuana Licensing Authority meeting. Hearing Officer Fox approved the minutes as presented.

III. PUBLIC HEARING

- A. Application by Alpine Wellness, LLC d/b/a Alpine Wellness to renew its Medical Marijuana Center License at 300 West Colorado Avenue, Unit 2C, Suites B-H, Telluride, CO 81435. The application was filed on January 12, 2015 by Nolan Murphy, 557 Woodstock Rd. Norwood, CO 81423, officer of the applicant.

Hearing Officer Fox made the following findings of fact:

- The Application has been reviewed and is complete;
- The Verification of Posting has been provided to the Clerk;
- Mr. Grady will send the Clerk of the Authority to Publisher's Affidavit by end of day March 06, 2015; and
- All required background checks have been completed.

The Applicant has demonstrated that it has/is:

- Timely submitted its License Renewal Application and paid all required Application Fees;
- Obtained Town and State Sales and Use Tax Licenses;
- Is currently In Good Standing according to the Colorado Secretary of State's official website for the entity: Alpine Wellness, LLC; and
- Obtained a Town of Telluride Business License for 2015.

Applicant has demonstrated that the Applicant, Principals, Registered Manager and Employees:

- Meet the requirements for issuance of, and obtaining, a State License and State Occupational Licenses;
- Are at least twenty-one (21) years of age;
- Are persons of good character and record;

- Have not been determined by any medical marijuana licensing authority, any other licensing board within the State, or the Colorado Department of Revenue, to not be persons of good character and record within the preceding two years;
- Have not discharged a sentence for a felony in the five years immediately preceding the Application and have never been convicted of a felony regarding a controlled substance;
- Have not had their authority, if any, to act as primary caregivers revoked by the State within the preceding two years; and
- Do not have any outstanding liens or judgments payable to the Town.

Applicant has demonstrated that the Applicant, Principals, and Registered Manager:

- Does not hold any interest in any liquor license, medical marijuana license, or other license issued by any Town, County, political subdivision or State that has been revoked or suspended within the last two (2) years; and
- Does not have an ownership or financial interest in more than one Medical Marijuana Center License issued in the Town of Telluride.

Applicant has demonstrated that the Licensed Premises:

- Is not located within 500 feet of any public or private school as such schools are defined by Colorado Law and its location complies with the distance requirements set forth in Telluride Municipal Code;
- Pursuant to CRS §12-43.3-308 (d)(III), the Licensing Authority specifically Finds as a matter of fact that the building in which the Licensee sells medical marijuana is not located within the ambit of any distance restrictions established by State law, as modified by local ordinance;
- Has a suitable Limited Access Area where any on-site display, storage, processing, weighing, handling, and packaging of Medical Marijuana will occur, that is posted "Employees Only," and is separated from areas accessible to patients and/or the public by a wall, counter or some other substantial barrier designed to keep patients and/or the public from entering the area; and
- There is no Cultivation Area on the Licensed Premises.

The Applicant has demonstrated that its Principals:

- Are not a peace officers or prosecuting attorneys;
- Are not licensed physicians who recommend medical marijuana; and
- Have not previously been found to have violated provisions of the Telluride Municipal Code or the Telluride Land Use Code relating to the medical marijuana business.

The Applicant has demonstrated that it has:

- Sole legal control of the Licensed Premises for the entire one year time period that a renewed Medical Marijuana Center License could be in effect, by virtue of a Lease Agreement and a Third Lease Extension in effect from January 1, 2014 through and until December 31, 2018;
- Since the time Applicant's Medical Marijuana Center License was last renewed on February 15, 2014, Applicant has not made any significant unapproved changes to

its Security Plan or security measures for the Licensed Premises and adjacent grounds;

- Since the time Applicant's Medical Marijuana Center License was last renewed on February 19, 2014, Applicant has not made any significant unapproved changes to its Operational Plan;
- Cultivates, either directly or through a permitted vertical integration methodology under the State Medical Marijuana Code, at least 70% of the marijuana sold or exchanged on the Licensed Premises;
- Certified since July 2010, and will continue to certify, to the State Department of Revenue on a yearly basis that it is cultivating at least seventy percent (70%) of the marijuana necessary for its operation, as required by CRS §12-43.3-103(2)(b).

Clerk Kavanaugh swore in Mr. Grady and Mr. Murphy. Hearing Officer Fox asked them a series of questions about their understanding of Colorado Law with regard to background check requirements and employment of individuals with felony drug convictions. Specifically, Hearing Officer Fox inquired as to the relationship between Kristen Noonan, employee of Nowhere Mountain, LLC, and Alpine Wellness, LLC.

Public Comments

- There was no public comment.

Final Findings of Fact and Determinations

After consideration of the Application, the Authority's file, Hearing testimony, and any Public Comment, the Authority found that good cause for denial of renewal of the Medical Marijuana Center License, pursuant to TMC §6-5-309, was not shown by a preponderance of the evidence and that the proposed licensed premises and adjacent grounds will be operated in a manner that does not cause any substantial harm to public health, safety or welfare. The Authority found that the Applicant has established that it is entitled to the renewal of its Medical Marijuana Center License.

The Licensing Authority granted the renewal of the retail marijuana store license for Alpine Wellness, LLC d/b/a Alpine Wellness.

IV. Adjournment

This Hearing was Adjourned at: 2:25 p.m.

Respectfully Submitted,

Tiffany Kavanaugh
Assistant Clerk

TOWN OF TELLURIDE MARIJUANA LICENSING AUTHORITY

113 West Columbia Ave., PO Box 397

Telluride, CO 81435, (970) 728-2160

In Re: the Application for a New
Retail Marijuana Store License
Submitted on behalf of:

**DRAGON PARTNERS, LLC, a Colorado Limited Liability Company,
d.b.a. Green Dragon Colorado.**

DETERMINATION AND FINDINGS OF A *PRIMA FACIE* CASE

Dragon Partners, LLC, a Colorado Limited Liability Company submitted an Application for a New Retail Marijuana Store License to the Town of Telluride Marijuana Licensing Authority (the “Licensing Authority”), with a proposed Licensed Premises located at: 119 West Colorado Avenue, First Floor and Mezzanine Level, Telluride, Colorado 81435. Pursuant to TMC §6-6-107, the Licensing Authority has conducted a review of the Application, its file and the supplemental information submitted on behalf of Dragon Partners, LLC, and Finds:

I. Determination and Findings of a Prima Facie Case.

Based upon its review, and pursuant to TMC §6-6-107(a)(vi), the Licensing Authority issues the following Determination and Findings:

1. The Application for a New Retail Marijuana Store License submitted on behalf of Dragon Partners, LLC is complete;
2. Applicant obtained a Certificate of Zoning Compliance for a Retail Marijuana Store operation at the proposed Licensed Premises from the Town of Telluride Planning and Building Department; and,
3. Subject to satisfaction of the potential deficiencies noted below, the Application and supplemental information submitted on behalf of Dragon Partners, LLC appear to show a *prima facie* case for approval of a New Town of Telluride Retail Marijuana Store License.

II. Identification of Potential Deficiencies in the Application.

Although it is the Determination of the Licensing Authority that Applicant has shown a *prima facie* case for License approval, the Licensing Authority has a number of concerns about this Application. The Applicant should note that approval of this Application and issuance of a License: (1) has been, and may further be, limited or restricted by operation of the TMC, LUC or law, as well

as by Applicant's failure to obtain required Town of Telluride Department, Board and/or Commission approvals; and (2) will be granted only upon Applicant's satisfactory completion of numerous deficiencies, including, ***but not limited to***, the following:

First, pursuant to TMC §6-6-107(f), the Telluride Marshal's Department is required to review and approve the Security Plan submitted for the proposed Licensed Premises as well as inspect and approve the security features actually as installed. The Telluride Marshal's Department has neither approved Applicant's Security Plan nor inspected the proposed Licensed Premises. Prior to the Public Hearing on this Application, Applicant shall submit evidence that its Security Plan and proposed Licensed Premises have been inspected and approved by the Telluride Marshal's Department.

Second, pursuant to TMC §6-6-107(C)(x), Applicant is required to show that its Principals, Registered Manager and Employees are persons of good character and record, who have all passed fingerprint based criminal background checks. To date Applicant has only provided complete Individual History Record forms and submitted to fingerprint based criminal background checks for three individuals, i.e. Applicant's three Principal Owners. Except for Principal Ryan James Milligan, as addressed in detail *infra*, prior to being granted a Retail Marijuana Store License, Applicant shall: (1) submit to the Licensing Authority a list of all Principals and Employees, including the Registered Manager; (2) provide a sworn IHR for the Registered Manager and all Principals and Employees; and (3) ensure that all listed Principals, Employees and the Registered Manager have passed their respective fingerprint based criminal background checks.

Third, Applicant lists "Andrew Levine" as its Registered Manager and represents that Mr. Levine will be the person: "who is delegated the authority over day to day operations of the licensee and who has the responsibility to ensure that the proposed Licensed Premises are operated in compliance with Chapter 6, Article 6, of the Telluride Municipal Code." It appears, however, that Mr. Levin is not, and never has been, a resident of Telluride or the surrounding area. Instead, Mr. Levine claims to have resided in Denver, Colorado, continuously since late 2012. As a long-time resident of a municipality approximately 360 road miles away from the proposed Licensed Premises, the Licensing Authority questions Mr. Levine's ability to adequately oversee Applicant's day to day operations and be available for any inspections requested pursuant to TMC §6-6-107(I) in absentia. As a prerequisite to issuance of a License, Applicant shall provide evidence of local residency for its Registered Manager, Andrew Levine, and make him available for questioning at the Public Hearing on this Application.

Fourth, pursuant to TMC §6-6-107(C)(v), before a License can be issued the proposed Licensed Premises and Adjacent Grounds, including Applicant's extensive tenant build-out and remodeling, must comply with all zoning, building, plumbing, mechanical, fire, and other codes, statutes, and ordinances, as shown by completed inspections and approvals from the Telluride Planning and Building and Public Works Departments, as well as the Telluride Fire Protection District Fire Marshal.

Fifth, Applicant shall familiarize itself with all Town of Telluride regulations and guidelines, including application requirements, for obtaining Town of Telluride Department, Board and/or Commission approvals, prior to making any alterations to the exterior of the proposed Licensed Premises. The Licensing Authority is concerned that Applicant has failed to adequately familiarize itself with the requirements peculiar to National Historic Landmark Districts including the Town of Telluride. Applicant is encouraged to pay particular attention to the admonishments and suggestions expressed by Town of Telluride Planning and Building Department Director Michelle Haynes in her correspondence to Applicant of February 2, 2017. Specifically, Director Haynes stated:

[B]e aware that the Town of Telluride regulates and must approve any associated signage for this proposed establishment and further regulates how Marijuana establishments advertise their products and establishment in the newspaper. Please call the Planning Department with [any] questions [you may have concerning these requirements] and we can direct you to the appropriate application and further describe the regulations at (970) 728-2170.

[A]lso be aware that the Town of Telluride cannot approve a steel roll down security gate and shutters. This is inconsistent with our Main Street Design Guidelines. The Town of Telluride is a National Historic Landmark District designated by the National Park Service. The look and feel of Colorado Avenue, also known as Main Street and our Commercial Core, is regulated by design. Any alteration to the exterior of the building requires Historic and Architectural Review administered by the Planning Department. Please call (970) 728-2144 for more information should *any* alteration be considered to the exterior of the building including and not limited to paint, windows, doors, security features or lighting.

Id. at p. 1 (emphases in the original).

Sixth, Applicant shall undergo an inspection of the proposed Licensed Premises and an in person review of its Operational Plan by the Licensing Authority as a prerequisite to receiving a Retail Marijuana Store License. Contact the Clerk of the Licensing Authority at: (970) 728-2160 to schedule this inspection.

Seventh, pursuant to TMC §6-6-103(m) and §6-6-107(C)(x), at this time Ryan James Milligan, a Principal Owner of the Applicant, is not a person of Good Character and Record and may not hold an interest in, or be employed by, any Telluride Retail Marijuana Licensee. This determination is based upon the following: on about August 29, 2016, the State of Colorado Marijuana Enforcement Division sanctioned Retail Marijuana Store Greenwerkz, LLC, of Glenwood Springs and Ryan James Milligan for numerous alleged violations of Colorado Statutes and MED Rules applicable to Retail Marijuana Establishment Licensees. Pursuant to the 08/29/2016 MED Order, imposition of a seven (7) day suspension of Greenwerkz, LLC's Retail Marijuana Store License is being held in abeyance pending: (1) payment of a \$10,000.00 fine to the MED; (2) satisfactory completion of the MED Responsible Vendor Program by Mr. Milligan as well as all other owners and employees of the Greenwerkz, LLC, Retail Marijuana Store in question; and (3)

on condition that no further violations of the Colorado Retail Marijuana Code or Rules promulgated thereto affecting public safety are committed by either licensee during a one year period, through and including August 28, 2017.

Eighth, if Mr. Milligan intends to move the Licensing Authority pursuant to TMC §6-6-107(C)(x) for a Finding and Determination that he has rehabilitated his character and conduct, then at least ten (10) days prior to the Public Hearing Mr. Milligan shall provide the Licensing Authority with: (1) a detailed written Narrative in support of his contention of rehabilitation that addresses all of the factors set forth under TMC §6-6-107(C)(x)(I-IX); (2) a list of any witnesses, exhibits, and statements to be presented following the Public Hearing; and (3) copies of all exhibits and statements to be presented following the Public Hearing. In addition, Ryan James Milligan shall appear, at the very least, following the conclusion of the Public Hearing on this Application. At which time, Mr. Milligan will be permitted to present evidence and respond to questioning by the Licensing Authority Hearing Officer in support of his contention that he has rehabilitated his character and conduct.

III. Instructions for Applicant.

Within thirty (30) days of the date of this Determination and Findings, on or before June 24, 2017, Applicant is directed to either: (1) set a Public Hearing, pursuant to TMC §6-6-107(a)(vi)(b), on the Application of Dragon Partners, LLC for a New Town of Telluride Retail Marijuana Store License; or (2) request in writing a continuance of the setting of the Public Hearing for not more than one-hundred twenty (120) days from that date of this Determination and Findings.

To set the Public Hearing, please contact the Clerk of the Licensing Authority, Samantha Gesell, at: (970) 728-2160. Once this matter has been set for a Public Hearing, you will be given additional information regarding your obligation to post and publish various notices in accordance with TMC §6-6-107(b).

The Determination and Findings of the Licensing Authority, specifically, that the Application appears to show a *prima facie* case for License approval, is not a grant of a License, does not create any vested property rights in a License, and does not relieve Applicant from its burden of showing by a preponderance of the evidence that it has met the requirements necessary for issuance of a New Retail Marijuana Store License.

ORDERED this 25th Day of May, 2017,

By: /s/ Jennifer S. Fox, Esq.
Jennifer S. Fox, Esq.
Town of Telluride
MJLA Hearing Officer

Marijuana Enforcement Division
15151 E. Alameda Parkway, Ste. 5700
Aurora, Colorado 80012
303.739.7341



Worth Discovering • auroragov.org

September 19, 2016

Greenwerkz, LLC
dba Green Dragon
19151 E. Quincy Ave
Aurora, CO 80015

State License Number: 402R-00377
City of Aurora License Number: 193586

Dear Mr. Milligan:

You have asked the Aurora Marijuana Enforcement Division (AMED) to provide a letter for use in your store application with Thornton, CO.

Green Dragon was issued a license for a retail marijuana store on April 18, 2016. During the licensing process, all documents requested were provided in a timely manner. Mr. Milligan, the sole owner was fingerprinted and a criminal background check was performed by the Aurora police department and was approved.

On final inspection, they addressed all concerns. We were allowed access to all areas within the licensed premises. The city does perform quarterly inspections and they have passed all inspections since licensure.

All local taxes have been paid on a timely basis and are current in their filings.

Green Dragon has been proactive when issues arise and have let the local licensing authority know of any incidents. Green Dragon has been a partner with the city to ensure that all state and local rules and regulations are being followed.

Respectfully,

A handwritten signature in blue ink that reads "Robin J. Peterson". The signature is fluid and cursive.

Robin J. Peterson, CPA
Manager, Marijuana Enforcement Division

WESTSIDE INVESTORS, LLC

1430 LARIMER STREET SUITE 200 DENVER, COLORADO 80202

August 30, 2016

To Whom It May Concern:

We have had the pleasure of working with Nicole and the Green Dragon Team for the past 5½ years. Nicole and the entire Green Dragon Team have been excellent tenants. They are always very responsive regarding our concerns as Landlord and proactive, occasionally. We have always received their rent in advance of the due date, each month. Nicole is always quick to keep us informed of any projects or possible changes, seeking our approval in advance. We have found the Team to be very professional, at all times.

Best regards,

A handwritten signature in dark ink, appearing to read 'Rod A. Wagner', with a long, sweeping horizontal line extending to the right.

Rod A. Wagner

Partner & Property Management

8/30/16

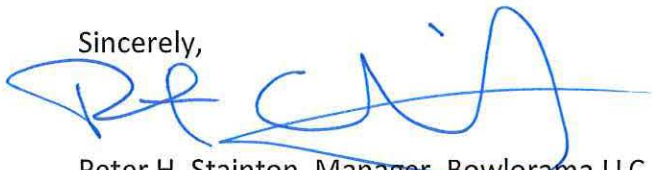
To Whom It May Concern:

Green Dragon has been a tenant at our building at 2922 S. Glen Ave, Glenwood Springs, CO for many years and they have been an excellent tenant throughout their tenure in our building. They have not only been very responsive and proactive to resolve any issues that arose, but they have also been a good neighbor to their fellow tenants in the building.

Based on our experience as a landlord, I would highly recommend that the City of Thornton approve them for a license in the City.

Please feel to contact me if you would like to discuss our experience with Green Dragon.

Sincerely,

A handwritten signature in blue ink, appearing to read 'P. Stainton', with a large, stylized flourish extending to the right.

Peter H. Stainton, Manager, Bowlorama LLC



June 4, 2017

Response to Potential Deficiencies in our Application:

This letter is to clarify the concerns that were addressed in the Determination and Findings document. Please note that Green Dragon has received a State MED license and is now just waiting for City of Telluride approval.

1. The Telluride Marshal was out of the office until 6-6-17. We will be contacting the Marshal on 6-6-17 to set up a date and time for premises inspection and to answer any additional questions on the Green Dragon Security Plan.
2. All 3 Principals of Green Dragon (Dragon Partners LLC) have outstanding character and record.
3. Andrew Levine will not be the Registered Manager of Telluride Green Dragon store. Andrew Levine will not be onsite handling day-to-day operations of the store. Alex Levine (5% Owner), who is Director of Operations of the 10 existing Green Dragon stores, will be onsite at the Telluride location and will remain in the town. He will remain in Telluride handling all operations of the store until staff has been fully trained and the store is functioning to Green Dragon strict corporate standards. Staff must also complete an extremely detailed, online, custom learning management software program made for Green Dragon organization. All Green Dragon employees must satisfactorily pass Green Dragon's online training courses tests before being permitted to work in our retail stores.

We have chosen a local Telluride resident to be the manager of the store and once trained he will be the registered manager. He is currently obtaining his MED badge. We will provide all details once he has been approved by MED. We are actively interviewing to staff the store in Telluride with Managers (Manager and Assistant Managers) as well as sales associates. We will email you (and the Marshal) complete details of all new employees as they are hired.

Having 10 store locations in a highly regulated industry throughout Colorado, Green Dragon operates its organization in a highly compliant manner. Most store functions are handled by the Corporate office in Denver. All ordering, product bar coding, product inspection, METRC tracking, inventory, accounting, IT, security and product delivery are handled and administered through our Denver based corporate headquarters and not locally at the store level.

- 11th Green Dragon store currently being built in Thornton, Colorado after being selected by the City of Thornton in a highly competitive application process based on merit and qualifications. Green Dragon was 1 of 4 companies selected out of over 40 applicants.
- 12th store would be Telluride location.

4. We have a final inspection with the city to obtain a CO for the space this Wednesday, 6-7-2017. We anticipate it being approved pending City MED approval. The city inspector told our contractor that he cannot give us a final CO without the City MED approval.

5. Green Dragon has a sign permit in with Town Planner, James Van Hooser and is waiting on approval and/or comments. No alterations have been made to the exterior of the building. There will be no steel roll down gates shutters visible from the exterior of the building per Town regulations. Green Dragon is familiar with Telluride regulations and guidelines.

6. Inspection of Green Dragon premises. We have contacted Melissa at the Clerk's Office to request an inspection of the premises for anytime the week of the June 12th.

7. Ryan Milligan has outstanding character and is a law abiding citizen.

Details of MED violation and settlement

- On December 22, 2015 an employee at the Green Dragon store located in Glenwood Springs made a sale to an underage MED officer.
- Employee was immediately terminated from Green Dragon and his MED badge was revoked by the Marijuana Enforcement Division.

- Before and after this happened Green Dragon had Employee Training on ID Checking Procedures. We utilize state-of-the-art ID checker/Scanners, have a corporate policy that all IDs MUST be scanned and also have an ID proof of age calendar on display. Green Dragon also had a double checking procedure with all vertical ID's to prevent the possibility of an under age sale.
- Ryan Milligan did not make this under age sale and was not on premises of the Glenwood location when this incident occurred.
- August 2016 - Green Dragon paid a \$10,000 fine to the State and was placed on a 1 year probation. The Glenwood Green Dragon location staff was also required to complete a Responsible Training course. This matter was settled out of court.
- The above MED violation has no bearing on Ryan Milligan's stellar character. This issue was the result of an employee's gross negligence (who was immediately terminated) for not following Green Dragon's strict ID checking procedures.
- Ryan Milligan and Dragon Partners LLC State license for a Retail Store in Telluride has been approved and issued.
- Ryan Milligan has held and maintained marijuana licenses since 2010. He has never been denied a license. The above violation which occurred on December 22, 2015 has never had any negative effects on any application submitted to the state of Colorado or local governmental agencies. This violation occurred December 22, 2015. It has been 1.5 years since this infraction occurred despite the delay with the Attorney General processing the settlement in August of 2016.
- Additionally, since this incident, Green Dragon was awarded licenses in both the Cities of Aurora and Thornton in highly competitive application processes which took merit into account. Ryan James Milligan has held and maintained marijuana licenses since 2010 and has purchased many new licenses since. He has never been denied a license for any reason. This infraction has always been disclosed and has had no effect on any application and furthermore, Ryan James Milligan has never been said to have "Bad Character" as result of this incident. (Please see 3 letters praising Ryan Milligan and Green Dragon)
- Ryan Milligan has never been arrested and has no felonies.

- Ryan Milligan had no direct involvement with the violation which occurred 12-22-2015. It was caused by an ex-employee at the Green Dragon Store in Glenwood Springs not following specific company procedures, not scanning the person's ID and not carefully looking at the person's ID to verifying age.
- The above violation by an employee of Green Dragon who was immediately fired from the organization did not tarnish Ryan Milligan's outstanding character in any way, shape or form.

Andrew Levine, Alexander Levine and Ryan Milligan look forward to the public hearing on June 15, 2017 at 1PM. Andrew, Alex and Ryan are always available 24/7/365 to answer any questions and/or immediately resolve any and all matters that are presented now or in the future. Feel free to call or email us anytime.

Andrew Levine

[REDACTED]

andy@greendragonco.com

Alexander Levine

[REDACTED]

alex@greendragonco.com

Ryan Milligan

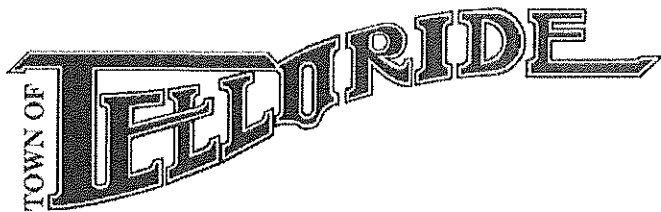
[REDACTED]

ryan@greendragonco.com

Thank you,

Andrew Levine
Green Dragon

930 W. Byers Place
Denver, CO 80223



TOWN LEGAL DEPARTMENT
113 W. COLUMBIA AVENUE
TOWN CLERK'S DEPARTMENT
135 W. COLUMBIA AVENUE
P.O. BOX 397 • TELLURIDE, CO 81435
OFFICE: (970) 728-2158

Town of Telluride Retail Marijuana License Application

This Application contains terms that may be defined in either the Telluride Municipal Code Chapter 6, Article 6 or the Colorado Retail Marijuana Code, codified at C.R.S. § 12-43.4

Please add additional pages if you need to explain your answer to any of the questions on this application form.

Application for a New Retail Marijuana Store License				
Retail Marijuana License Type: <input checked="" type="checkbox"/> Retail Marijuana Store <input type="checkbox"/> Retail Marijuana Store with OPC <input type="checkbox"/> Retail Marijuana Testing Facility				
Applicant is applying as: <input type="checkbox"/> Corporation <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Limited Liability Company <input type="checkbox"/> Association or Other				
Describe Other:				
ADDRESS OF PROPOSED PREMISE				
Applicant's Legal Business Name		Trade Name/DBA		
Dragon Partners LLC		Green Dragon Colorado		
Physical Address of Proposed Licensed Premises		Business Phone Number		
119 W Colorado Ave, Telluride CO 81435		(303) 408-4822		
Mailing Address	City	State	Zip	
930 W Byers Pl	Denver	CO	80223	
PRIMARY CONTACT				
Name	Phone	Email		
Andrew Levine	[REDACTED]	[REDACTED]		
Physical Street Address	City	State	Zip	
930 W Byers Pl	Denver	CO	80223	
APPLICANT OWNERSHIP AND MANAGEMENT STRUCTURE				
Is Applicant a resident of, or entity registered with, the State of Colorado?			Yes	No
			✓	
If Yes, when (date) did you become a resident in the state of Colorado?				
August 2016				



TOWN LEGAL DEPARTMENT
113 W. COLUMBIA AVENUE
TOWN CLERK'S DEPARTMENT
135 W. COLUMBIA AVENUE
P.O. BOX 397 • TELLURIDE, CO 81435
OFFICE: (970) 728-2158

Please provide the names and addresses of ALL OWNERS, OFFICERS, DIRECTORS, PARTNERS, MANAGING MEMBERS, BUSINESS MANAGERS, FINANCIERS AND ANY OTHER INDIVIDUALS OR ENTITIES that own any percentage to total 100% ownership of the Applicant or entity applying for this license.

<u>Name</u>	<u>Home Address, City, State, Zip (Do not use P.O. Box)</u>	<u>Position</u>	<u>% Owned</u>
Ryan Milligan	[REDACTED]	Member	5
Andrew Levine	[REDACTED]	Member	90
Alexander Levine	[REDACTED]	Member	5

(If necessary, provide additional information on a separate sheet.)

TOWN OF TELLURIDE		
Town Retail Marijuana Sales Tax # 016906		
Town Retail Marijuana Business License # 016906		
Did the Applicant receive approval for a Town of Telluride Medical Marijuana Center License, Certificate of Zoning Compliance and a Retail Sales Tax License prior to October 1, 2013?	Yes	No ✓
Does Applicant intend to operate a medical marijuana center and a retail marijuana store out of the same Licensed Premises?	Yes	No ✓
If yes, describe how the medical and retail operations will be maintained separate and distinct one from the other. (This should be a detailed description. Please include any physical barriers or signage that will be used to achieve separation).		
N/A		
Will retail marijuana cultivation occur on the proposed Licensed Premises?	Yes	No ✓
Does the proposed Licensed Premises have a suitable limited access area where the cultivation, if applicable, display, storage, processing, weighing, handling, and packaging of retail marijuana occurs, which is posted "employees only," and is separated from the areas accessible to the public by a wall, counter, or some other substantial barrier designed to keep the public from entering the area?	✓	No



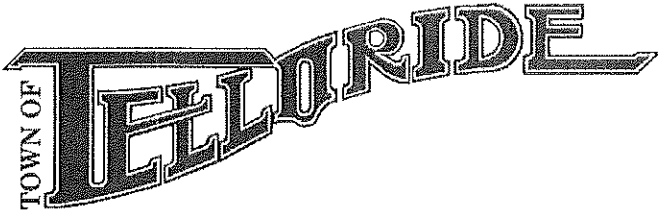
TOWN LEGAL DEPARTMENT
113 W. COLUMBIA AVENUE
TOWN CLERK'S DEPARTMENT
135 W. COLUMBIA AVENUE
P.O. BOX 397 • TELLURIDE, CO 81435
OFFICE: (970) 728-2158

REGISTERED MANAGER		
State the name of the registered manager who is delegated the authority over day to day operations of the licensee and who has the responsibility to ensure that the proposed Licensed Premises are operated in compliance with Chapter 6 Article 6 of the Telluride Municipal Code.		
First Name Andrew	Last Name Levine	
STATE OF COLORADO APPLICATION		
Did the Applicant complete and submit the forms and pay the fees to the Colorado Department of Revenue required under C.R.S. § 12-43.4-101, <i>et seq.</i> ?	Yes	No
Provide a copy of the entire application submitted to the State Department of Revenue (pdf, disk or thumb drive versions of the State application are preferred).	✓	
CONTROL AND SECURITY OF THE LICENSED PREMISE		
Does Applicant have sole legal control of the proposed Licensed Premises at the time the application is submitted by virtue of lease or present ownership interest?	Yes	No
Attach a copy of lease/deed/contract.	✓	
SECURITY PLAN		
Please submit a security plan for the proposed Licensed premises. Attach it to the application labeled "Security Plan." Explain in detail <u>at a minimum</u> the following security measures:		
A)	All doors, windows and other points of entry have secure, functioning commercial grade locks	
B)	A locking safe or enclosed metallic storage vault located inside the proposed Licensed Premises in which any Retail Marijuana and Retail Marijuana Products will be secured when the Licensed Premises are not open to the public	
C)	If the Licensed Premises are connected by any passage or entryway to any other Premises, there is a door between the two Premises that can be locked from the Licensee side and cannot be opened from the other side	
D)	A professionally installed and continuously monitored burglar alarm system that detects unauthorized entry at all doors, windows, and other points of entry to the Licensed Premises	
→ State whether this system is continuously monitored by a professional monitoring company or whether there is a system in place to self-monitor;		
→ If the alarm system is continuously monitored professionally, please state the name and address of the alarm company and attach a contract with such alarm company.		



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E)	Windows facing Adjacent Grounds and lighting of the Adjacent Grounds sufficient to ensure that customers entering and leaving the Licensed Premises, entering and exiting parked cars on the adjacent grounds, and walking across the Adjacent Grounds can be observed by Employees from inside the Licensed Premises.					
OPERATIONAL ELEMENTS OF THE PROPOSED LICENSED PREMISES						
Please submit an operational plan and attach it to the application labeled "Operational Plan" with information provided for each item a) through i). This should show how the business, proposed Licensed Premises and adjacent grounds will be operated, including but not limited to:						
A)	How and where marijuana will be cultivated, processed, stored, packaged, purchased, exchanged, exhibited, advertised, and sold					
B)	How the business, Licensed Premises, and Adjacent Grounds will comply with each requirement contained in State law and Town ordinances, especially Chapter 6, Article 6 of the Telluride Municipal Code					
C)	How the operation will reduce or mitigate adverse effects on the area in which it is situated, including but not limited to any adverse effects related to crime, odors, traffic, parking, noise and lighting					
D)	How the area of the proposed Licensed Premises where cultivation operations are located are equipped with a ventilation system with carbon filters sufficient in type and capacity to eliminate marijuana odors					
E)	Hours of operation					
F)	Number of and names of all employees					
G)	Parking for employees and customers on the Adjacent Grounds					
H)	Traffic flow into and out of the Licensed Premises and Adjacent Grounds					
I)	Record keeping as required under State law and Chapter 6, Article 6 of the Telluride Municipal Code					
REQUIREMENTS SPECIFIC TO A RETAIL MARIJUANA TESTING FACILITY						
Are you applying for a Retail Marijuana Testing Facility?		<table border="1"> <tr> <td>Yes</td> <td>No</td> </tr> <tr> <td></td> <td>✓</td> </tr> </table>	Yes	No		✓
Yes	No					
	✓					
If Yes, Does Applicant and/or any of its Principal Owners hold any interest in any medical marijuana business(es) licensed or pending application for a license pursuant to the local or state Medical Code or in any Telluride Retail Marijuana Establishment licensed or pending application for a license pursuant to the Retail Code		<table border="1"> <tr> <td>Yes</td> <td>NA</td> </tr> <tr> <td></td> <td>✓</td> </tr> </table>	Yes	NA		✓
Yes	NA					
	✓					



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AFFIRMATION	
<u>Initial</u>	
<i>AL</i>	I understand that the employees of the proposed Retail Marijuana Establishment including the Applicant, jointly or severally, applying for this license, may be subject to prosecution under federal law.
<i>AL</i>	I understand that the Town of Telluride, Colorado accepts no legal liability in connection with the approval and subsequent operation of the applied for Retail Marijuana Establishment. I hereby release the Town of Telluride, Colorado, Town employees and elected/appointed officials from any and all liability in connection with the proposed approval and subsequent operation of the applied for Retail Marijuana Establishment.
<i>AL</i>	I agree and authorize that Service of Process may be made upon any employee of the Licensee on behalf of myself, all owners, officers, directors, partners, managing members, business managers, financiers, primary caregivers and any other individual or entity that own any percentage of Applicant.
<i>AL</i>	I understand that I shall not make any major changes to the License, Licensed Premises, or Adjacent Grounds without first obtaining written approval of the Authority.
I agree to report the following to the Authority, in writing, within ten (10) days of such event:	
<i>AL</i>	Any new credits or debts that the Licensee or its Principals may incur that are related to the Licensed Premises, Adjacent Grounds, or any ownership interest in the Licensee in a single or cumulative amount greater than ten thousand (\$10,000)
<i>AL</i>	Any charges filed against or any conviction of any Principal, Registered Manager, or Employee for any felony, misdemeanor, or serious traffic offense including but not limited to any deferred judgment or entry into any diversion program ordered or supervised by a court of law; or
<i>AL</i>	The hiring, dismissal, or resignation of <u>any</u> Employee.

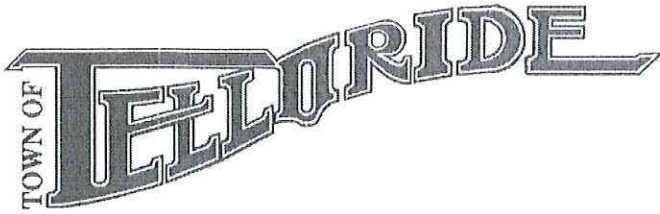
UNDER PENALTY OF PERJURY IN THE SECOND DEGREE, I ATTEST THAT ALL OF THE INFORMATION CONTAINED IN THIS APPLICATION AND ALL ATTACHMENTS HERETO ARE TRUE, CORRECT AND COMPLETE TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Signature: _____

Date: _____

Printed Name: Andrew Levine

STATE OF COLORADO)



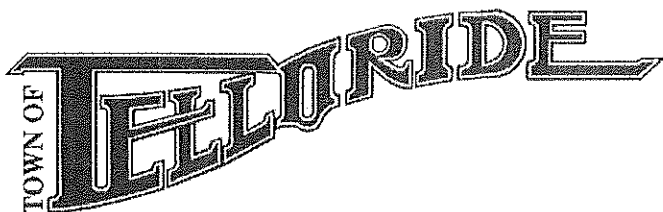
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COUNTY OF Denver) ss.
Subscribed, sworn to and acknowledged before me this 6 day of February, 2017 by:
Andrew Levine

WITNESS my hand and official seal. My commission expires: 4-7-20

MK
Notary Public Signature

MELISSA KAY NESAVICH
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20074032699
MY COMMISSION EXPIRES APRIL 7, 2020



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Retail Marijuana License Application Checklist	
✓	Complete, and notarized Town of Telluride application
✓	Signed by officer – we will not accept applications signed by employees or managers
Fees – Made Payable to Town of Telluride	
N/A	\$25 – if paper packet is requested (will be credited to application fee <i>if</i> complete application is received)
✓	\$1,000.00 Application for New License
N/A	\$1000.00 Retail Marijuana Testing Facility
Business Documentation	
✓	Operating Agreement (LLC)
✓	Articles of Organization (Corporation) Bylaws complete and signed
✓	Certificate of Good Standing from Secretary of State
✓	Copy of current Town of Telluride Business License
✓	Copy of current State of Colorado Retail (if applicable) License; or application to the State of Colorado
Other	
✓	Lease Agreement – Copy of your current, amended or new lease, <u>in the name of the business</u> , fully executed and signed. We will not accept a lease in an individual's name.
✓	Floor plan of facility, to scale, on 8.5 x 11 inch paper. These drawings should identify walls, fixtures, countertops, entrances, exits, safes, storage areas, location of cameras, DVR(s) and security rooms.
✓	List of all employees
✓	Security Plan
✓	Operational Plan
N/A	Affidavit of Age Compliance
✓	Copy of Security Monitoring Agreement with off-site monitoring company
✓	Certificate of Zoning Compliance from Town of Telluride Planning Department
Individual History Form	
✓	Submitted for each applicant, owner, members, or employee
✓	Fingerprints – Arrangements are made through the Telluride Marshal's Department. Each individual that submitted an individual history must be fingerprinted and have a background check.



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AFTER INITIAL DETERMINATIONS ARE ISSUED BY THE LOCAL LICENSING AUTHORITY'S, THE APPLICANT MUST MAKE ARRANGEMENTS FOR INSPECTIONS WITH THE FOLLOWING DEPARTMENTS.

TELLURIDE FIRE PROTECTION DISTRICT	
Written comments or a letter from the appropriate fire district in which the proposed licensed premises are to be located demonstrating compliance with the applicable adopted fire code provisions.	
<input type="checkbox"/> No objection to the Retail Marijuana facility as proposed.	
Signature TFPD	Date
<input type="checkbox"/> Applicant must comply with the following adopted fire code provisions:	
Signature TFPD	Date

TOWN OF TELLURIDE BUILDING DEPARTMENT	
For all licensed facilities located within a building or structure for which a Town of Telluride permit is required, documentary proof of compliance with all applicable county building code standards, as well as documentary proof of compliance with all applicable Colorado Plumbing/Electrical Code standards.	
<input type="checkbox"/> No objection to the Retail Marijuana Store as proposed.	
Signature TOT Building Official	Date
<input type="checkbox"/> Applicant must comply with the following county building code standards:	
Signature TOT Building Official	Date



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TOWN OF TELLURIDE MARSHAL'S DEPARTMENT	
Written comments or a letter from the Telluride Marshal's Department to the Local Licensing Authority concerning the issuance of the license(s) for which the application has been made.	
No objection to the Retail Marijuana facility as proposed.	
Signature _____	Date _____
Application should be Denied. See attached written report of the results of the SMCSO investigation of the proposed licensee(s).	
Signature _____	Date _____

The Town of Telluride, Colorado

Town Hall, 135 West Columbia, Telluride, CO 81435

BUSINESS LICENSE

This License is Granted To:

Dragon Partners LLC
DBA: Green Dragon Colorado

119 W Colorado Ave
Telluride, CO 81435

License Number:

016906

Business Type

Retail

Expiration

12/31/2017



2017

Date Issued

1/12/2017

Each Licensee shall be required to ascertain and at all times comply with all laws and regulations applicable to such licensed business. The Licensee shown hereon is hereby authorized to conduct business in The Town of Telluride.

THIS LICENSE MUST BE POSTED AND IS NON-TRANSFERABLE

**Operating Agreement
of
Dragon Partners, LLC,
a Colorado Limited Liability Company**

This Operating Agreement (the "Operating Agreement") is entered into effective as of the 27 day of October, 2016, by and among the Members of Dragon Partners, LLC, a Colorado limited liability company, whose signatures appear on the signature page hereto. This Operating Agreement amends and supersedes entirely all previous operating agreements of the Company.

ARTICLE 1

Definitions

Capitalized terms used in this Operating Agreement have the following meanings (unless otherwise expressly provided herein) or are defined elsewhere in this Operating Agreement:

1. "Act" means the Colorado Limited Liability Company Act, §§ 7-80-101, et seq., C.R.S., as amended.
 2. The "Company" means Dragon Partners, LLC.
 3. "Contribution" means any contribution of Property made by or on behalf of a Member as considerations for a Membership Interest or as a contribution to the capital of the Company.
 4. "Disposition" or "Dispose" as the context requires, means any sale, assignment, transfer, exchange, mortgage, pledge, grant or other transfer.
 5. "Distribution" means a transfer of Company Property to a member on account of a Membership Interest, regardless of whether the transfer occurs on the liquidation of the Company, in exchange for the Member's interest or otherwise.
 6. "Marijuana Code" means §§ 12-43.3-101, et seq., and §§ 12-43.4-101, et seq., C.R.S., and any and all applicable state and local laws, rules, and regulations promulgated pursuant thereto, as such may be amended from time to time with respect to the operations of a licensed marijuana establishment in the State of Colorado..
 7. "MED" means the Colorado Marijuana Enforcement Division.
 8. "Members" means the person or persons executing this Operating Agreement or any transferee or successor in interest of such a Member.
-

9. "Membership Interest" means a Member's entire interest in the Company, including such Member's rights in the Company's profits, losses, and distributions and such other rights and privileges that the Member may enjoy by being a Member.
10. "Proceeding" means any judicial or administrative trial, hearing or other activity, civil, criminal or investigative, the result of which may be that a court, arbitrator, or governmental agency may enter a judgment, order, decree or other determination which, if not appealed and reversed, would be binding upon the Company, a Member or the Person subject to the jurisdiction of such court, arbitrator or governmental agency.
11. "Property" means any property, real or personal, tangible or intangible (including goodwill), including cash and any legal or equitable interest in such property.
12. "Supermajority Vote in Interest" means Members holding more than 90% of the Units that are present at a meeting in person or by proxy at which a quorum is present.
13. "Two- Thirds Vote in Interest" means Members holding more than 66.67% of the Units that are present at a meeting in person or by proxy at which a quorum is present.
14. "Unit" means the measure of ownership in the Company.
15. "Unit Percentage" means, with respect to the Units owned by a Member, the percentage derived from the following fraction: number of Units held by such member divided by the total number of Units held by all Members (and, thereafter, multiplying said fraction by 100 to arrive at a percentage)

ARTICLE 2

General Provisions

2.1 Purpose. The purpose of the Company is to operate in clear and unambiguous compliance with the Marijuana Code and all other applicable state and local laws, regulations, and ordinances. The Company has the authority to do all things necessary or convenient to accomplish its purpose. The Company exists only for the purpose specified in this Article, and may not conduct any other business without a Two-Thirds Vote in Interest authorizing such other business.

2.2 Place of Business. The business address of the Company is 930 W Byers Place Denver, CO 80223. The Company may from time to time have such other place of business, either within or outside of the State of Colorado, as the Members may decide.

2.3 Registered Agent. The registered agent of the Company shall be determined by the members who shall also have the power to remove or replace a currently serving registered agent of the Company.

2.4 Company Property. No real or other property of the Company shall be deemed to be owned by any Member individually, but shall be owned and title vested solely in the the Company.

2.5 Accounting Period. The close of the Company's' year for financial statement and federal and state income tax purposes shall be December 31 of each year. The Members shall have the power to adopt a differing accounting period as they deem prudent.

2.6 Operating Agreement: Sufficiency. It is the express intention of the parties that this Operating Agreement shall be the sole source of agreement of the parts, and this Operating Agreement shall govern, even when inconsistent with, or different than, the provisions of the Act or any other law rule. To the extent any provision of this Operating Agreement is prohibited or ineffective under the Act or the Code, this Operating Agreement shall be considered amended to the smallest degree possible in order to make the Agreement effective. In the event the Act or the Marijuana Code is subsequently amended or interpreted in such a way as to make any provision of this Operating Agreement that was formerly invalid valid, such provision shall be considered to be valid from the effective date of such interpretation or amendment. The Members and Manager shall be entitled to rely on the provisions of this Operating Agreement, and the Members and Manager shall not be liable to the Company for any action or refusal to act taken in good faith reliance on the terms of this Operating Agreement. The duties and obligations imposed on the Member and the Manager as such shall be those set forth on this Operating Agreement, which is intended to govern the relationship between the Company, the Manager and the members, notwithstanding any provision of the Act or common law to the contrary.

ARTICLE 3

Members

3.1 Members. The name, Units, and Unit Percentage of each Member are set forth below, which the Manager shall amend from time to time to reflect the admission of new Members, changes in ownership of Units and Unit Percentage:

<u>Member name</u>	<u>Units</u>	<u>Unit%</u>
Andrew Levine	90,000	90%
Alex Levine	5,000	5%
Ryan Milligan	<u>5,000</u>	<u>5%</u>
	100,000	100%

3.2 Admission of New Members. New Members may be admitted to the Company by the affirmative vote of Two-Thirds Vote in Interest.

3.3 No Liability of Members. All debts, obligations and liabilities of the Company, whether arising in contract, tort, or otherwise, shall solely be the debts, obligations, and liabilities of the Company, and no Member shall be obligated personally for such debt, obligation, or liability of the Company solely by reason of being a Member. This section does not prevent a Member, should he or she so choose, from separately being a guarantor or otherwise become liable for a debt which is also a debt of the Company.

3.4 Access to Books and Records of the Company. Each Member may inspect the books and records of the Company during normal business hours after the giving of seven-day notice of this intent to the Manager; however, each Member shall hold the Company's information confidential and only use such information for the furtherance of the Company's business and interests or for making investment decisions regarding the Company. Upon withdrawal or departure of a Member from the Company, such Member shall deliver all Company books and records to the Manager.

5. Actions by the Members; Meetings; Quorum.

(a) Meetings. The Members may take action at a meeting in person or without a meeting by written resolution. Meetings of Members may be conducted in person or by telephone conference. A voting proxy given by a Member to another person must be in writing.

(b) Voting. Whether at a meeting or otherwise, the affirmative Two-Thirds Vote I Interest will be the act of the Members unless otherwise required by this Operating Agreement.

(c) Member Consent. Any action that may be taken by Members at a meeting may be taken by the written consent of Members holding the Unit Percentage that would be required to approve such action at a duly held meeting.

(d) Meetings of Members may be called by any Member upon two days' notice to other Members. A quorum for any such meeting shall be members present (in person, by proxy, or via telephone) holding at least 66.67% of the Units.

(e) Notwithstanding any other provision of this agreement, the following actions shall require a Supermajority Vote in Interest:

(i) A merger, consolidation or other business combination of the Company;

(ii) sale or disposition of all or substantially all the assets of the Company;

(iii) dissolution of the Company;

- (iv) commencing proceedings relating to bankruptcy or other insolvency;
- (v) amendment or modification of any provision of this Operating Agreement;
- (vi) the issuance of additional Units to any person or business entity of any kind;
- (vii) the removal or appointment of a Manager;
- (viii) Raising additional capital from the Members;
- (ix) incurring a debt or liability of the Company greater than \$100,000;
- (x) any material action requested by the MED to maintain compliance under the Marijuana Code;
- (xi) Removal and appointment of the Tax Matters Partner;
- (xii) Disposition of Property of the Company outside the ordinary course;
- (xiii) Amend the Operating Agreement; and
- (xiv) Removal of a Member under Section 7.4.

3.6 Power to Bind the Company. No Member acting in an individual capacity may bind the Company to any third party with respect to any matter. Only the Manager and agents of the Company authorized by the Manager or the Members pursuant to a vote have the authority to bind the Company.

3.7 Tax Matters Partner. Andrew Levine is designated as the Company's "Tax Matters Partner" under Section 6231 of the Internal Revenue Code, as amended, and has all of the powers and responsibilities of such position as provided by the code and Treasury Regulations thereunder.

ARTICLE 4

Management

4.1 Management of the Company. The Manager of the Company is Andrew Levine.

4.2 Manager Rights and Duties. All management rights and obligations of the Company shall be vested in the Company's Manager. The Manager may take the following

actions, and any other actions not inconsistent with this Operating Agreement, on behalf of the Company:

- (a) The institution, prosecution, and defense of any Proceeding in the Company's name;
- (b) The acquisition of Property for the Company in the ordinary course;
- (c) The Disposition of Company Property in the ordinary course;
- (d) The entering into of contracts and guaranties; incurring of liabilities, borrowing of money, issuance of notes, bonds and other obligations; and the securing of any of its obligations by mortgage or pledge of any Company Property or income;
- (e) The receipts and holdings of Property as security for repayment;
- (f) The conduct of the Company's business, the establishment of the Company offices, and the exercise of the powers of the Company;
- (g) The appointment of employees and agents of the Company, the defining of their duties, and the establishment of their compensation;
- (h) The establishment of retirement savings plans and benefit and incentive plans for all or any of the current or former Members or employee of the Company;
- (i) The making of donations to the public welfare or for religious, charitable, scientific, literary or educational purposes;
- (j) The performance of any other action that furthers the business and affairs of the Company;
- (k) The payment of compensation to the Member and employees on account of services previously rendered to the Company, where or not an agreement to pay such compensation was made before such services were rendered;
- (l) The purchase of insurance for the benefit of the Company;
- (m) The participation in partnership agreements, joint ventures, or other accusations of any kind with any Person or Persons whose participation will not adversely affect or impair the Company's licensure or ability to engage in its business;
- (n) The location or relocation of a place of business for the Company;
- (o) The execution of, or appointment of officers and agents with such designation as the Manager may determine, to execute, on behalf of the Company, all instruments; mortgages or deeds of without limitation, checks; drafts; notes and other

negotiable instruments; mortgages or deeds of trust; security agreements; financing statements; and documents providing for the acquisition, mortgage, investment, or Disposition of property, including the licensing of intellectual property;

(p) The investment of any Company funds (by way of example, but not limitation) in time deposits, short term governmental obligations, commercial paper, or other investments;

(q) The confession of a judgement against the Company;

(r) The making of any capital expenditure less than \$100,000;

(s) The employment of accountants, legal counsel, or other professional to perform services for the Company and to compensate them from Company funds; and

(t) The doing and performance of all other acts as may be necessary or appropriate to carry out the Company's business purpose.

4.4 Standard of Care of Manager. The Manager's duty of care in the discharge of the Manager's duties to the Company is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law, including, but not limited to the Marijuana Code. In discharging its duties, the Manager shall be protected to the extent possible under applicable law in relying in good faith upon the records required to be maintained under the provisions of this Operating Agreement and upon such information, opinions, reports, or statements by any of its agents, or by any other person, as to matters the Manager reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports, or statements as to the value and amount of the assets, liabilities, profits, or losses of the Company or any other facts pertinent to the existence and amount of assets from which distributions to the Member might properly be paid.

4.5 Method of Accounting. The financial records of the Company will be maintained on a cash basis or a modified cash basis as determined by the Manager. When necessary, accrual based accounting will be used.

4.6 Taxes. The Manager may make any tax elections for the Company allowed under the Internal Revenue Code, as amended, or the tax laws of any state or other jurisdiction having taxing jurisdiction over the Company; provided, however, the tax status of the Company for federal income tax purposes is a partnership.

ARTICLE 5

Capital Structure

5.1 Capital Structure. The capital structure of the Company shall consist of one class of Units each having equal rights under all provisions of this Operating Agreement.

5.2 Units. 100,000 Units shall be issued in accordance with Section 3.1.

5.3 Additional Capital. Additional capital may be raised by the Company through pro-rata dilution of existing Units. Any Member resolution authorizing the raising of additional capital shall state, in reasonable detail, the purposes and uses of such additional capital and the amounts of additional capital required.

5.4 Capital Calls. In the event of a capital call, the Manager shall provide the Members a written notice to bring their pro-rata portion at the time and date specified. If a member is not able to raise his/her portion of the capital call, such Member may borrow from another member at an interest rate not to exceed 10% per annum and shall pay such obligation to the other Members within 30 days. If the Member does not timely pay such debt in full, the Members providing the loan may, at their sole discretion, to receive, as payment, the value of the debt, using the prior year's book value, in whole shares, rounded up to the nearest unit.

ARTICLE 6

Allocations & Distributions

6.1 Allocations to Capital Accounts. Except as may be required by the Internal Revenue Code or Treasury Regulations or this Operating Agreement, net profits, net losses, and other items of income, gain, loss, deduction, and credit of the Company shall be allocated among the members ratably in proportion to each Member's Unit Percentage. For example, if a Member has a Unit Percentage of 20% that Member will be allocated 20% of the profits or losses of the Company. Notwithstanding the forgoing, no item of loss or deduction of the Company shall be allocated to a Member to the extent such allocation would result in a negative balance in such Member's capital account if other members then have positive balances in their capital accounts. Prior to any distributions of profit, debts owed to members will be paid out as pro-rata percentage of amount owed. Cash investments of members will be paid out prior to deferred salary payments.

Section 6.2 Tax Allocations. In the case of any special tax allocations allowed under the Internal Revenue Code or Treasury Regulations, the method of allocation and formula determined by the Tax Matters Partner shall be followed so long as it complies with the Internal Revenue Code, Treasury Regulations, state law, and fairly treats each member. The method of allocation chosen by the Tax Matters Partner shall be presumed to be fair to all members and any member challenging said allocation on these grounds shall bear the burden of proof.

the book value of Ryan Milligan's Membership Interests, payable in equal monthly installments over 10 years, with no interest.

(d) Upon death of a Member, the estate of the deceased Member shall have no continuing obligations to the Company other than pursuant to applicable law or this Operating.

4. Removal of a Member.

(a) Members may remove a Member from the Company if the other Members determine in their reasonable judgment that the Member has directly and with malice caused harm to the Company and/or abandoned his responsibilities for a period greater than 30 days, without cause due to illness or debilitating condition or performed any other action that would materially harm or jeopardize the Company.

(b) Upon removal of a Member, the other Members shall pay such removed Member 20% of the book value of his Membership Interests, payable in equal monthly installments over 10 years, with no interest.

ARTICLE 8

Dissolution

8.1 Dissolution. The Company will be dissolved:

(a) upon a Supermajority Vote in Interest;

(b) the sale, transfer, or assignment of all or substantially all of the assets of the Company;

(c) there being no Members unless, within 91 days after the termination of the membership of the last Member, the assignees of the last Member holding at least 66.67% of the Units held by the last Member at the time of withdrawal, resignation, or death, have admitted at least one person as a Member; or

(d) as otherwise required by law.

2. Liquidation.

(a) Upon dissolution, the Company will be liquidated and its affairs wound up, including the preparation of a final financial statement and accounting by (or at the direction of) the Members. All proceeds from the liquidation will be distributed in accordance with applicable law. Distributions to the Members will be made in accordance with the Member's Units.

(b) Final distributions to Members will not be made until all liabilities of the Company have been satisfied.

ARTICLE 9

Exculpation of Liability: Indemnification

9.1 Exculpation of Liability. Unless otherwise provided by law or expressly assumed, a Member or Manager will not be liable for the acts, debts, or liabilities of the Company to third parties.

9.2 Indemnification. Except as otherwise provided in this article, the Company shall indemnify any Member or Manager (and may indemnify any employee or agent) of the Company who was or is a party or is threatened to be made a party to a potential, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal, other than an action by or in the right of the Company, by reason of the fact that such person is or was a Member, Manager, employee, or agent of the Company. Indemnification will be limited to expenses including attorney's fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with the action, suit, or proceeding, if and only if, the person acted in good faith, with the care an ordinary prudent person in like position would exercise under similar circumstances. For persons other than Managers or Members, the Company may indemnify after an affirmative vote of a Two-Thirds Vote in Interest.

ARTICLE 10

State and Local Licenses

10.1 Current Licenses. In order to conduct the Company's business, the Company must obtain, and at all times maintain, state and local licenses as required by the Marijuana Code and applicable local laws and regulations. The Members will take all necessary and reasonable actions to assure that the Company remains, at all times, continuously in possession of all licenses, certificates, and registration required by all applicable state or local laws, regulations, or ordinances.

ARTICLE 11

Miscellaneous

11.1 Partial Invalidity. Wherever possible, each provision of this Operating Agreement will be interpreted in such manner as to be effective and valid under applicable law. If any one or more of the provisions of this Operating Agreement are held to be invalid, illegal, or unenforceable in any respect, such action will not affect any other provision of this Operating Agreement. In such event, this Operating Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained in it, and any court or arbitrator

determining any provision to be invalid will interpret the remaining portions of this Operating Agreement to give maximum effect to the intention of the parties as expressed herein, including such invalid provision.

11.2 Entire Agreement. This Operating Agreement contains the entire agreement and understanding of the Members with respect to its subject matter and supersedes all prior written and oral agreements with respect to its subject matter.

11.3 Binding Effect. This Operating Agreement is binding upon, and inures to the benefit of, the Members and their permitted successors and assigns.

11.4 Further Assurances. The Company and each Member shall, without further consideration, sign and deliver such other documents of further assurance as may reasonably be necessary to effectuate the provisions of this Operating Agreement.

11.5 Headings. Article and Section titles have been inserted for convenience of reference only. They are not intended to affect the meaning or interpretation of this Operating Agreement.

11.6 Terms. Terms in this Operating Agreement used with initial capital letters have the meanings specified, applicable to both singular and plural forms. All pronouns will be deemed to refer to the masculine, feminine, or neuter, as the identity of the Person requires. The singular or plural include the other, as the context requires. The word "include" (and any variation) is used in an illustrative sense rather than a limiting sense.

11.7 Legal Representation. Each Member executing this Operating Agreement acknowledges and agrees that such Member:

- (a) Has been advised to retain independent legal, tax, and accounting advice of with respect to the subject matter hereof;
- (b) Has been given reasonable time and opportunity to obtain such advice;
and
- (c) Has obtained such independent advice as necessary and appropriate in the circumstances.

11.8 Governing Law. This Operating Agreement is governed by and construed and enforced in accordance with the laws of the State of Colorado, without giving effect to any conflict or choice of law provision that would result in imposition of another state's law.

11.9 Creditors; No Third Party Beneficiaries. None of the provisions of this Operating Agreement will be for the benefit of, or enforceable by, any creditor of the Company or other person, including any Member in such person's capacity as a creditor. No person not a party to this Operating Agreement is intended to be a third party beneficiary of this Operating Agreement.

11.10 Counterparts. This Operating Agreement may be executed in counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument. At least one copy of this Operating Agreement will be held in the Company's records. The Managers will deliver a copy of this Operating Agreement to each Member.

11.11 Mandatory Binding Arbitration.

(a) Any dispute, claim, interpretation, controversy, or issues of public policy arising out of relating to this Operating Agreement, including the determination of the scope or applicability of this Section 11.11, will be determined exclusively by arbitration held in Denver, Colorado, and will be governed exclusively by the Colorado Revised Arbitration Act, §§ 13-22-201, et seq., C.R.S. (the "CRAA").

(b) The arbitrator will be selected from the roster of arbitrators at Judicial Arbitrator Group, Inc. in Denver, Colorado ("JAG"), unless the parties agree otherwise. If the Parties do not agree on the selection of a single arbitrator within 10 days after a demand for arbitration is made, then the arbitrator will be selected by JAG from among its available professionals. An arbitration will be held in Denver, Colorado, and proceed under the Commercial Arbitration Rules of the American Arbitration Association (the "AAA"), except the parties are not required to initiate the arbitration through the AAA nor pay any associated fees to the AAA. Arbitration of all disputes and the outcome of the arbitration will remain confidential between the parties except as necessary to obtain a court judgment on the award or other relief or to engage in collection of the judgment.


(c) The Members irrevocably submit to the exclusive jurisdiction of the state courts located in Denver, Colorado, with respect to this Section 11.11 to compel arbitration, to confirm an arbitration award or order, or to handle court functions permitted under the CRAA. The Members irrevocably waive defense of an inconvenient forum to the maintenance of any such action or other proceeding. The Members may seek recognition and enforcement of any Colorado state court judgment confirming an arbitration award or order in any United States state court or any court outside the United States or its territories having jurisdiction with respect to recognition or enforcement of such judgment.

(d) The Members waive (i) any right of removal to the United States federal courts and (ii) any right to compel arbitration, to confirm any arbitration award or order, or to seek any aid or assistance of any kind in the United States federal courts.


IN WITNESS WHEREOF, the Members have executed this Operating Agreement of Dragon Partners, LLC.

MEMBERS:

ANDREW LEVINE



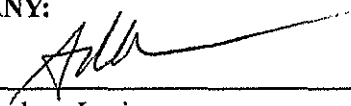
ALEX LEVINE



RYAN MILLIGAN



COMPANY:

By: 

Name: Andrew Levine

Its: Manager



Document must be filed electronically.
Paper documents are not accepted.
Fees & forms are subject to change.
For more information or to print copies
of filed documents, visit www.sos.state.co.us.

Colorado Secretary of State
Date and Time: 08/29/2016 02:53 PM
ID Number: 20161588657
Document number: 20161588657
Amount Paid: \$50.00

ABOVE SPACE FOR OFFICE USE ONLY

Articles of Organization

filed pursuant to § 7-80-203 and § 7-80-204 of the Colorado Revised Statutes (C.R.S.)

1. The domestic entity name of the limited liability company is

Dragon Partners, LLC

(The name of a limited liability company must contain the term or abbreviation "limited liability company", "ltd. liability company", "limited liability co.", "ltd. liability co.", "limited", "l.l.c.", "llc", or "ltd.". See §7-90-601, C.R.S.)

(Caution: The use of certain terms or abbreviations are restricted by law. Read instructions for more information.)

2. The principal office address of the limited liability company's initial principal office is

Street address

930 W Byers Place

(Street number and name)

Denver

(City)

CO

(State)

80223

(ZIP/Postal Code)

United States

(Country)

(Province – if applicable)

Mailing address

(leave blank if same as street address)

930 W Byers Place

(Street number and name or Post Office Box information)

Denver

(City)

CO

(State)

80223

(ZIP/Postal Code)

United States

(Country)

(Province – if applicable)

3. The registered agent name and registered agent address of the limited liability company's initial registered agent are

Name

(if an individual)

LEVINE

(Last)

ANDREW

(First)

(Middle)

(Suffix)

or

(if an entity)

(Caution: Do not provide both an individual and an entity name.)

Street address

930 W Byers Place

(Street number and name)

DENVER

(City)

CO

(State)

80223

(ZIP Code)

Mailing address

(leave blank if same as street address)

930 W Byers Place

(Street number and name or Post Office Box information)

DENVER CO 80223
(City) (State) (ZIP Code)

(The following statement is adopted by marking the box.)

- ☒ The person appointed as registered agent has consented to being so appointed.

4. The true name and mailing address of the person forming the limited liability company are

Name
(if an individual) LEVINE ANDREW
(Last) (First) (Middle) (Suffix)

or

(if an entity)
(Caution: Do not provide both an individual and an entity name.)

Mailing address 930 W Byers Place
(Street number and name or Post Office Box information)

DENVER CO 80223
(City) (State) (ZIP/Postal Code)
United States
(Province – if applicable) (Country)

(If the following statement applies, adopt the statement by marking the box and include an attachment.)

- ☐ The limited liability company has one or more additional persons forming the limited liability company and the name and mailing address of each such person are stated in an attachment.

5. The management of the limited liability company is vested in

(Mark the applicable box.)

- ☐ one or more managers.

or

- ☒ the members.

6. (The following statement is adopted by marking the box.)

- ☒ There is at least one member of the limited liability company.

7. (If the following statement applies, adopt the statement by marking the box and include an attachment.)

- ☐ This document contains additional information as provided by law.

8. (Caution: Leave blank if the document does not have a delayed effective date. Stating a delayed effective date has significant legal consequences. Read instructions before entering a date.)

(If the following statement applies, adopt the statement by entering a date and, if applicable, time using the required format.)

The delayed effective date and, if applicable, time of this document is/are _____
(mm/dd/yyyy hour:minute am/pm)

Notice:

Causing this document to be delivered to the Secretary of State for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the Secretary of State, whether or not such individual is named in the document as one who has caused it to be delivered.

9. The true name and mailing address of the individual causing the document to be delivered for filing are

LEVINE	ANDREW		
<i>(Last)</i>	<i>(First)</i>	<i>(Middle)</i>	<i>(Suffix)</i>
930 W Byers Place			
<i>(Street number and name or Post Office Box information)</i>			
<hr/>			
DENVER	CO	80223	
<i>(City)</i>	<i>(State)</i>	<i>(ZIP/Postal Code)</i>	
United States			
<i>(Province -- if applicable)</i>		<i>(Country)</i>	

(If the following statement applies, adopt the statement by marking the box and include an attachment.)

- ☐ This document contains the true name and mailing address of one or more additional individuals causing the document to be delivered for filing.

Disclaimer:

This form/cover sheet, and any related instructions, are not intended to provide legal, business or tax advice, and are furnished without representation or warranty. While this form/cover sheet is believed to satisfy minimum legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form/cover sheet. Questions should be addressed to the user's legal, business or tax advisor(s).

Document must be filed electronically.
Paper documents are not accepted.
Fees & forms are subject to change.
For more information or to print copies
of filed documents, visit www.sos.state.co.us.



Colorado Secretary of State
Date and Time: 11/08/2016 08:41 PM
ID Number: 20161763121
Document number: 20161763121
Amount Paid: \$20.00

ABOVE SPACE FOR OFFICE USE ONLY

Statement of Trade Name of a Reporting Entity
filed pursuant to §7-71-103 and §7-71-107 of the Colorado Revised Statutes (C.R.S.)

1. For the reporting entity delivering this statement, its ID number, true name, form of entity and the jurisdiction under the law of which it is formed are

ID Number	<u>20161588657</u> <small>(Colorado Secretary of State ID number)</small>
True name	<u>Dragon Partners, LLC</u>
Form of entity	<u>Limited Liability Company</u>
Jurisdiction	<u>Colorado</u>

2. The trade name under which such entity transacts business or conducts activities or contemplates transacting business or conducting activities in this state is

Green Dragon Colorado

3. A brief description of the kind of business transacted or activities conducted or contemplated to be transacted or conducted in this state under such trade name is

RMS

4. (If the following statement applies, adopt the statement by marking the box and include an attachment.)

☐ This document contains additional information as provided by law.

5. (Caution: Leave blank if the document does not have a delayed effective date. Stating a delayed effective date has significant legal consequences. Read instructions before entering a date.)

(If the following statement applies, adopt the statement by entering a date and, if applicable, time using the required format.)

The delayed effective date and, if applicable, time of this document are _____
(mm/dd/yyyy hour:minute am/pm)

Notice:

Causing this document to be delivered to the Secretary of State for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that such document is such individual's act and deed, or that such individual in good faith believes such document is the act and deed of the person on whose behalf such individual is causing such document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S. and, if applicable, the constituent documents and the organic statutes, and that such individual in good faith believes the facts stated in such document are true and such document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the Secretary of State, whether or not such individual is identified in this document as one who has caused it to be delivered.

6. The true name and mailing address of the individual causing this document to be delivered for filing are

<u>Morrison</u>	<u>Nicole</u>		
<small>(Last)</small>	<small>(First)</small>	<small>(Middle)</small>	<small>(Suffix)</small>
<u>930 W Byers Pl</u>			
<small>(Street number and name or Post Office Box information)</small>			
<hr/>			
<u>Denver</u>	<u>CO</u>	<u>80223</u>	
<small>(City)</small>	<small>(State)</small>	<small>(Postal/Zip Code)</small>	
<u>United States</u>			
<small>(Province – if applicable)</small>		<small>(Country – if not US)</small>	

- (If the following statement applies, adopt the statement by marking the box and include an attachment.)
- ☐ This document contains the true name and mailing address of one or more additional individuals causing the document to be delivered for filing.

Disclaimer:

This form/cover sheet, and any related instructions, are not intended to provide legal, business or tax advice, and are furnished without representation or warranty. While this form/cover sheet is believed to satisfy minimum legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form/cover sheet. Questions should be addressed to the user's legal, business or tax advisor(s).

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE OF FACT OF GOOD STANDING

I, Wayne W. Williams, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

Dragon Partners, LLC

is a

Limited Liability Company

formed or registered on 08/29/2016 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 20161588657 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 01/17/2017 that have been posted, and by documents delivered to this office electronically through 01/20/2017 @ 21:05:44 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 01/20/2017 @ 21:05:44 in accordance with applicable law. This certificate is assigned Confirmation Number 10031540 .



A handwritten signature in blue ink that reads 'Wayne W. Williams'. The signature is written in a cursive style.

Secretary of State of the State of Colorado

*****End of Certificate*****

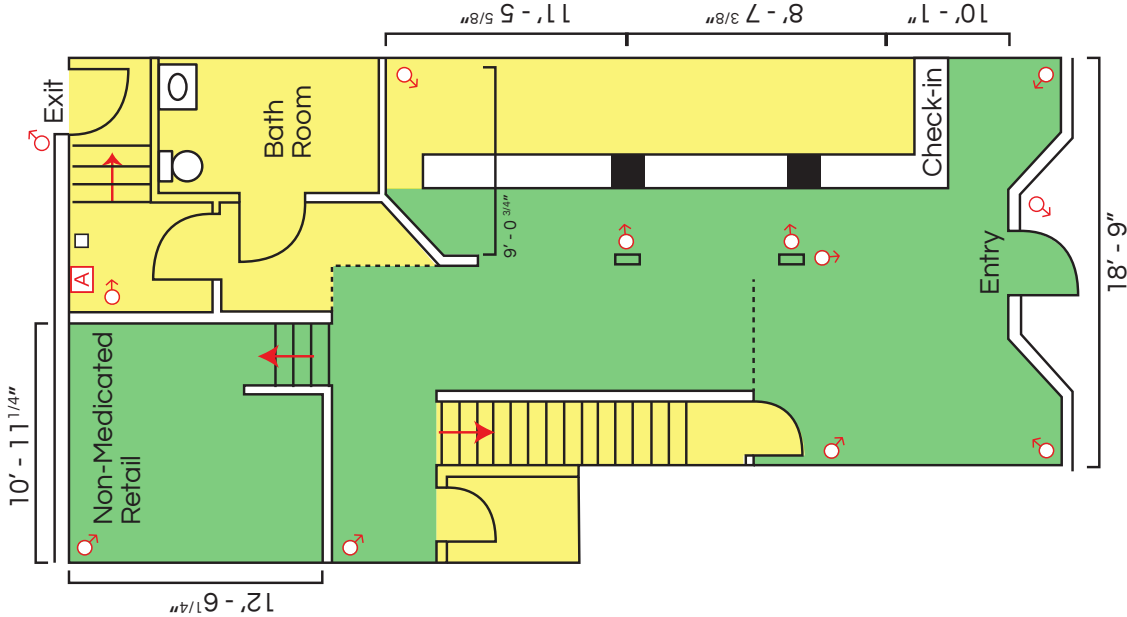
Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's Web site, <http://www.sos.state.co.us/biz/CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us/> click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."



Dragon Partners LLC
DBA - Green Dragon
Retail Marijuana Facility
119 West Colorado Ave
Telluride, CO 81435

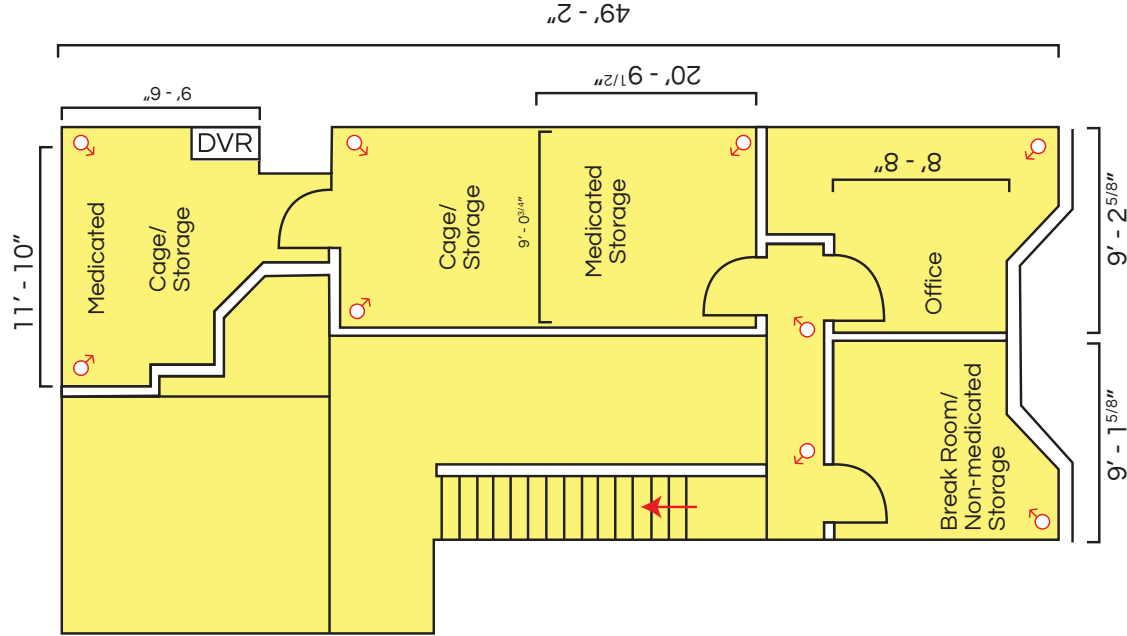
Contact: Alex Levine

January 30, 2017



1st Floor

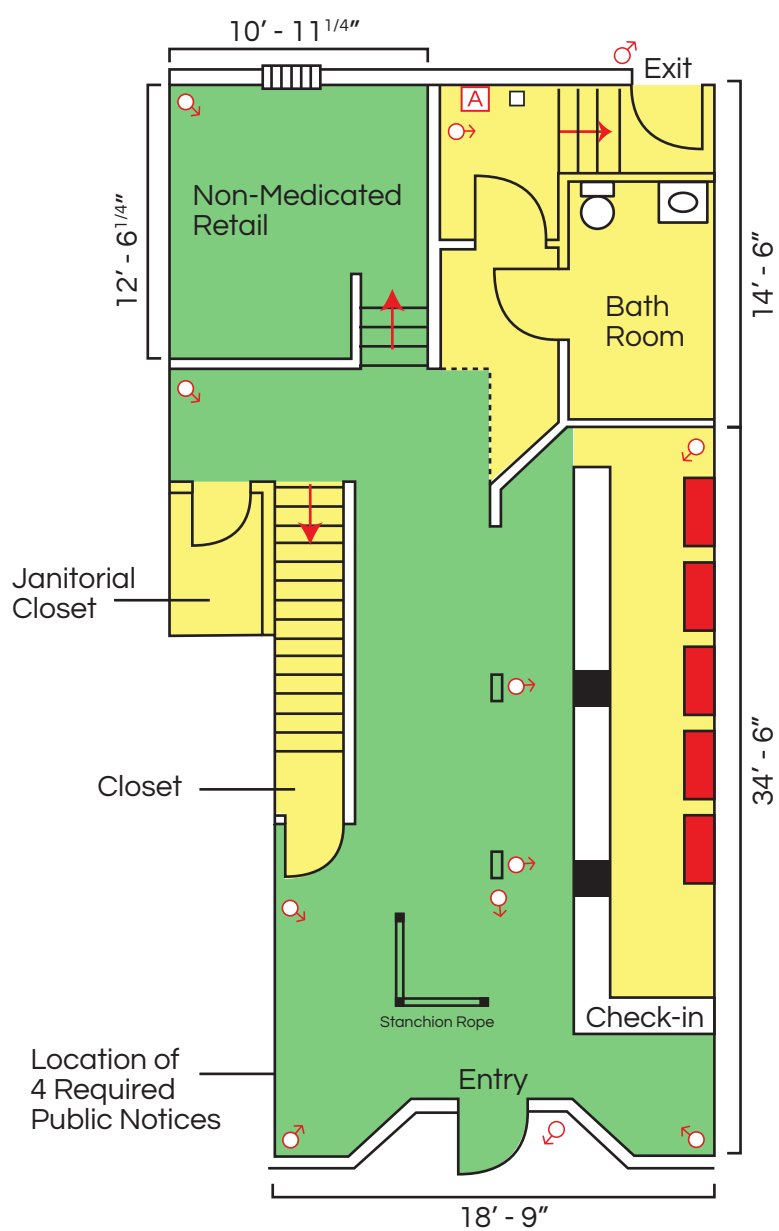
Sidewalk
(Colorado Ave)



2nd Floor

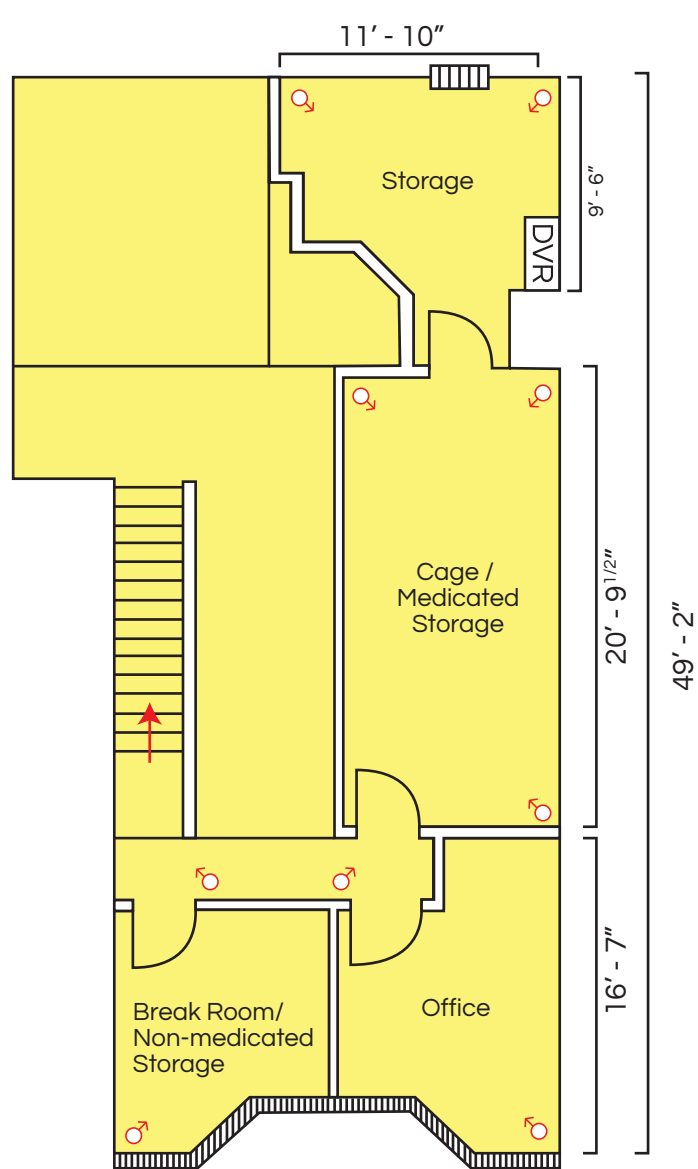
KEY

- Camera
- POS STATION
- Alarm Panel
- Keypad
- DVR
- Limited Access
- Restricted Access












1st Floor

Sidewalk
(Colorado Ave)



2nd Floor
(Loft, Mezzanine)

KEY

-  Camera
-  POS STATION
-  Alarm Panel
-  Keypad
-  DVR
-  Limited Access
-  Restricted Access
-  Roll Down Security Storage
-  Window



Dragon Partners LLC
DBA - Green Dragon
Retail Marijuana Facility
119 West Colorado Ave
Telluride, CO 81435

Contact: Alex Levine

January 30, 2017

Green Dragon Employee List

119 W Colorado Ave
Telluride, CO 81435

Employees will be hired upon issuance of State and Local Licenses.



Security Plan

Security at Green Dragon is considered to be paramount in order to protect our customers, our employees and our business. Green Dragon looks at security as an investment rather than an expense. Employees are constantly trained and retrained to reiterate how important security is to the Green Dragon organization.

The Green Dragon Security Plan goes above and beyond mandatory security compliance outlined by the State of Colorado and Town of Telluride Code. We ensure the safety of our employees, customers, law enforcement officers, surrounding community and our valuable inventory.

The following is a list of our extensive security protocols:

Door Security

- Trident 5 point locks on exit doors

Product Storage

- Roll Down security locking cabinets in retail area. (same as those used in leading pharmacies)
- Separate locked and alarmed storage room for storage of additional marijuana product.
- All marijuana flower, concentrates and edibles are kept in locked safes.
- All items in our retail display cases for security reasons are non medicated and for display only.



Alarm/Lighting

- Alarm systems with door sensors on all doors and windows.
- Glass breakage detection on all glass.
- Shock sensors and motion detection in all appropriate zones.
- Hard wired panic buttons located under all cash registers and in storage room.
- Panic button watches and pendants worn by retail staff.
- Alarm system with 8 hour battery backup with notification, in case of power outage or alarm system malfunction.
- Alarm monitored 24/7 by outside alarm monitoring company - Holder Security of Denver.
- Brightly lit, extensive, perimeter exterior lighting

Video Surveillance

- State-of-the-art digital interior and exterior video surveillance with 60 day recording capability.
- DVR System in locked cage, bolted to ground in Manager's office.
- System maintained by Green Dragon IT Department, through a network "cloud" based system.
- Video surveillance records and recordings immediately available to police and MED, on request.
- Multiple camera angle coverage over and above MED requirements.

Security Training for Staff members

- On-going employee training and testing on security policies and prevention by security specialists.
- Continuous security procedures and protocols training including store opening, store closing, suspicious people situations, and delivery receiving protocols.
- All Limited Access Areas locked to prevent individuals from entering off limits areas.
- Employees instructed to utilize Panic buttons in the event of robbery or violent situations.
- Conflict resolution training, violent incidents training as well as safety and security procedures are taught to our by our Director of Security to all employees. Security Training is also reinforced on our LMS (Learning Management Software) which includes coursework and testing.
- Green Dragon requires all employees to report incidents via email and phone call to corporate immediately after any incident. The incident log is monitored by Green Dragon Security and also corporate.
- No trash removal after business hours due to security risk.
- Employee training on after hours and before store opening security risks associated with walking to and from car.

Cash Handling

- Green Dragon utilizes Smart Safe Technology which is a reverse ATM. This safe is located in the manager's office and is bolted to the ground.
- Store employees are not allowed to keep more than \$250 in their cash drawer.
- All cash fed into smart safe throughout the day. Safe can only be opened by bank's armored car service.
- No one on premises has safe combination or keys. This keeps cash in store to a minimum.
- GPS tracking technology (same as used in banks) located in select inventory items as well as cash registers.

Product Delivery Security Procedure at Establishment

Unlike most of our competitors, Green Dragon employs a centralized distribution system. This means that all of our product comes to our Denver headquarter. In our Denver location, after products have been purchased, quantities and METRC verified, they are entered into our POS system and barcoded with unique barcodes. Once the products have been processed, they are then delivered to our stores in our video recording equipped (three cameras per vehicle) Mercedes Sprinter vans. This process avoids stores having to deal with receiving inventory from various vendors, where errors and METRC issues can occur. Our stores only receive inventory direct from our Denver headquarters. Only managers and assistant managers are allowed to accept deliveries following our strict delivery protocols. This centralized process eliminates multiple store deliveries and minimizes delivery security issues, which would be caused from stores constantly dealing with numerous outside vendor deliveries.

All of our pre-packaged cannabis product is shipped directly from our Denver grow. All boxes have compliant shipping labels with tamper evident tape. Boxes have the store location (Example: Aurora, Aspen, Glenwood, etc.) printed on the side. The location is printed on the side to ensure that boxes are sent to the correct location. Boxes are also clearly labeled so managers and van drivers know how many boxes are supposed to be received at a specific store. Green Dragon has their own internal forms beside using METRC Delivery Manifests to ensure proper delivery procedures. All delivery paperwork is filed and stored in a locking filing cabinet in the manager's office. Green Dragon's fortified Mercedes delivery vans include decoy boxes with GPS tracking devices same as used by Bank Armored Car services.

All of our van drivers and store management are trained on safe delivery procedures, such as safety protocols which ensure entrances and exits are never left open and unattended. Product is never to be left unattended, and one authorized person must stay with the van at all times. Vans are only allowed to stop at Green Dragon stores locations only and nowhere else during deliveries. All vans are fueled before vans are loaded with any medicated product.

Once medicated product is received at the store all product is stored in secured, locked and alarmed storage area in saes. (see above Product Storage section).

Procedure for preventing the use of marijuana on the licensed premises

Signage will be posted on building explaining that the use of marijuana is prohibited within or near premises. If any person is caught consuming product it will be reported immediately to the authorities.

End of Day Closing Procedures

1. All medicated product locked in safes
2. All cash registers emptied
3. Any remaining cash put into Smartsafe
4. Secure roll down shutters
5. Make sure all doors are locked
6. Put on alarm
7. Exit front door, lock and roll down front door steel shutter
8. Employees walk in pairs to cars



Town of Telluride Operating Plan

Retail Marijuana Business License Application



1. Company Description, products we intend to sell, projected staffing, projected inventory, and projected sales.

Company Description

Green Dragon Colorado is a Colorado based cannabis company with ten locations in the state of Colorado: Aspen, Aurora, Breckenridge, Denver, Edgewater, Mountain View and Glenwood Springs, serving recreational customers age 21 and over. Originally named Greenwerkz, the company started with a single Denver dispensary in 2009, and has since expanded throughout the state through acquisitions as well as being awarded a license in the Town of Aurora.

In addition to our ten retail stores, we have two large cultivation facilities that allow us to be vertically integrated and to serve our diverse customer base with extremely high quality products. Our Denver cultivation facility is a brand new, high-tech, state-of-the-art greenhouse with over 120,000 square feet and our Glenwood Springs grow is a 30,000 sq. ft. indoor facility. Headquartered in Denver, we employ over 150 employees in our corporate, retail and grow facilities throughout the state and we are continuing to expand.

Products We Intend to Sell

Green Dragon will offer marijuana flower, concentrates, infused edibles, drinks, tinctures, topicals, vaporizers, as well as apparel and accessories. We carry products from dozens of local cannabis companies, who share our commitment to quality. Edibles will include candies, chocolate bars, baked goods such as brownies and cookies, and even hand-painted gourmet chocolate truffles. We will carry drink products such as fruit punches, sodas, teas, and hot chocolates. These products range from 10 mg, single-serving products, up to 100 mg edibles.

Many customers want to enjoy the pain relieving benefits of cannabis without the psychoactive effects, so we carry a wide range of topical products to meet these needs. Everything from THC and CBD infused pain creams, sprays, lotions, massage oils, and a full line of transdermal patches will be carried throughout Green Dragon locations.

In our effort to be a "one-stop-shop" for our customers, we will carry a wide variety of accessories including glass, top-of-the-line vaporizers, rolling papers, grinders as well as custom designed Green Dragon apparel. Our store will be open the allowable hours in the Town of Telluride, 9:00AM to 7:00 PM daily, seven days a week.



Town of Telluride Operating Plan

Staffing Plan

Staffing is managed by Green Dragon's Human Resource Department located at our Denver corporate headquarters. Recruitment, on-boarding and training is all centralized at that location to provide consistency throughout the organization. Similar to our other locations, Telluride's Retail Management team will consist of a Store Manager, who will report to a Regional Manager, plus four Assistant Managers who will be responsible for daily upkeep of METRC inventory, store scheduling, retail staff training, as well as highly detailed, daily store functions. All managers and assistant managers will be registered with the Town of Telluride as per the City's Operational Regulations. The store will staff over 10 full-time employees as well as additional part-time retail staff. We intend to employ bilingual staff to assist the spanish speaking customers.

Projected Inventory

All inventory will be delivered twice a week from our Denver corporate location. Below is an approximation of the inventory at the Telluride store:

<u>INVENTORY</u>	<u>COST</u>	<u>RETAIL VALUE</u>
<u>Pre-Packaged Marijuana</u>	<u>\$50,000.00</u>	<u>\$200,000.00</u>
<u>Edibles, Tinctures, Drinks</u>	<u>\$30,000.00</u>	<u>\$100,000.00</u>
<u>Concentrates</u>	<u>\$20,000.00</u>	<u>\$50,000.00</u>
<u>Topicals</u>	<u>\$4,000.00</u>	<u>\$10,000.00</u>
<u>Apparel</u>	<u>\$1,500.00</u>	<u>\$5,000.00</u>
<u>Accessories</u>	<u>\$2,000.00</u>	<u>\$10,000.00</u>
<u>TOTAL</u>	<u>\$107,500.00</u>	<u>\$375,000.00</u>

Projected Sales

Monthly projected sales in the Telluride location will be over \$900,000. We anticipate this location to generate approximately \$8-10 million annually as there will be only four licenses awarded in the Town of Telluride.

2. **Do you own, operate, or have an interest in any other marijuana related businesses. If so, please indicate the names, locations, and the type of marijuana business.**

Ryan Milligan is the sole proprietor of the following licenses, all of which operate under the D.B.A. Green Dragon Colorado:



Town of Telluride Operating Plan

License Name:	Location:	Type of License:
Green Essentials Medical, LLC	1425 Devereux Rd. Glenwood Springs, CO 81601	Retail
Green Essentials Medical, LLC	409 E Hyman Ave. Aspen, CO 81611	Retail
Green Essentials Medical, LLC	1425 Devereux Rd. Glenwood Springs, CO 81601	Retail Marijuana Cultivation Facility
Greenwerkz, LLC	5840 W 25th Ave. Edgewater, CO 80214	Retail
Greenwerkz, LLC	2922 S Glen Ave. Glenwood Springs, CO 81601	Retail
Greenwerkz, LLC and Cannabis King, LLC	830 Wyandot Street Denver, CO 80204	Retail Marijuana Cultivation Facility
Greenwerkz, LLC	19151 East Quincy Ave. Aurora, CO 80013	Retail
Cannabis King, LLC	930 W Byers Place Denver, CO 80223	Retail
Breckenridge Cannabis Club, LLC	1795 Airport Road #A3 Breckenridge, CO 80424	Retail

Ryan Milligan, Andrew Levine, and Alexander Levine are partners of the following licenses, all of which operate under the D.B.A. Green Dragon Colorado:

License Name:	Location:	Type of License:
Dragon Partners LLC	5130 E Colfax Ave, Denver CO 80220	Retail
Dragon Partners LLC	4103 Sheridan Blvd, Denver CO 80212	Retail
Dragon Partners LLC	719 Billings St, Aurora CO 80011	Retail

3. Describe your management experience and qualifications as it relates to the marijuana business.

The Green Dragon management team is the core of our business, with highly experienced industry professionals in the areas of Agriculture, Inventory Management, Compliance, Marketing, Retail, Human Resources, Logistics, Information Technology, Accounting, Finance, Sales, and Real Estate. Our Denver based, centrally operated corporate structure allows effective management from our cultivation facilities to all our retail locations, throughout the entire state of Colorado. All Green Dragon departments are custom tailored and trained to meet and surpass the requirements of the highly regulated Colorado cannabis industry.



Town of Telluride Operating Plan

Ryan Milligan, has owned and successfully operated the company since its inception in 2009 and is exceptionally versed within the industry. In addition to Ryan, his partners Andrew Levine and Alexander Levine bring strength to Green Dragon's day to day management, operations, and company growth.

Additionally, accountability of all staff is strictly monitored with the use of a sophisticated task management software program which enables all employees to communicate on a cloud based system. With this task tracking software, employees complete their assigned tasks quickly and efficiently. All employees are held to a strict corporate standard which sets Green Dragon apart from other organizations in the marijuana industry.

4. List vendors and locations from where you will receive your supply of marijuana.

We grow 100% of our marijuana needs from our two cultivation facilities. However, we rely on vendors for edibles, topicals, and concentrates which are delivered to our Corporate Denver Distribution Center (930 West Byers Place, Denver, CO 80223) before being processed and shipped out to our stores. We only use the most professional, compliant vendors with the highest quality products:

Incredibles
Love's Oven
Sweetgrass Kitchen
The Growing Kitchen
Cheeba Chews
Coda Signature

Dixie
Cannapunch/Highly Edibles
Keef Cola
O. Pen
Blue Kudu
Canyon Cultivation

Craft Concentrates
Better Concentrates
Evolabs
Apothecanna
Mary's Medicinals



5. Describe how you will receive your supply of marijuana and marijuana products, including how such deliveries will be in compliance with state law related to the transport of marijuana and marijuana products.

Unlike most of our competitors, Green Dragon employs a centralized distribution system. This means that all of our wholesale product comes to our Denver headquarters first to be received and processed. After the products have been purchased, quantities and METRC verified, they are entered into our POS system and barcoded with unique barcodes. Once the products have been



processed, they are then delivered to our stores in our video recording equipped (three cameras per vehicle) Mercedes Sprinter vans. This process avoids stores having to deal with receiving inventory



Town of Telluride Operating Plan

from various vendors, where errors and METRC issues can occur. Our stores only receive inventory direct from our Denver headquarters. Only managers and assistant managers are allowed to accept deliveries.

All of our pre-packaged cannabis product is shipped directly from our Denver grow. All boxes have compliant shipping labels with tamper evident tape. Boxes have the store location (Example: Aurora, Aspen, Glenwood, etc.) printed on the side. The location is printed on the side to ensure that boxes are sent to the correct location. Boxes are also clearly labeled so managers and van drivers know how many boxes are supposed to be received at a specific store. Green Dragon has their own internal forms beside using METRC Delivery Manifests to ensure proper delivery procedures.

All of our van drivers and store management are trained on safe delivery procedures, such as safety protocols which ensure entrances and exits are never left open and unattended. Product is never to be left unattended, and one authorized person must stay with the van at all times. Vans are only allowed to stop at the stores locations and nowhere else during deliveries.

6. Describe your knowledge of the Inventory Tracking System.

Green Dragon has been around since the very beginning of Colorado's cannabis industry and is extremely knowledgeable and comfortable working with the METRC system. Our METRC Compliance Department continuously works with METRC to understand updates as they become available. In addition, all managers are required to take monthly METRC training classes. Complete inventory audits are performed quarterly by our compliance managers to ensure that store managers are remaining compliant. In addition, METRC sales reports are checked each morning by our Compliance Department to ensure that stores have uploaded their sales reports correctly.

7. Describe the point of sale system you intend to use.

We have designed a custom built version of NCR Counterpoint, one of the most widely used POS Systems in the world. It has been customized to meet and exceed the requirements of the Colorado Marijuana Industry. This system has a powerful inventory management feature which NCR Counterpoint is known for. It allows us to manage inventory and sales across our ten (and growing) locations, as well as managing inventory in our two cultivation facilities.



8. Describe your plan and procedures for locked disposal of marijuana and marijuana-infused product and the method you intend to use to ensure that the waste is rendered unusable and unrecognizable.



Town of Telluride Operating Plan

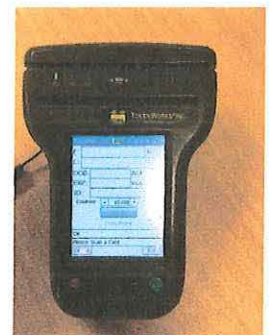
Because all of our products are prepackaged, we rarely have to dispose of marijuana material like most other dispensaries. However, in the event that product (bud, edibles or otherwise) needs to be destroyed and disposed of, Green Dragon employees follow a certain procedure. Product that is to be destroyed is first compared against METRC and store inventories. Once this has been checked for discrepancies, the product is ground in a food processor, all on camera. The ground material is then mixed with soil until inseparable, unusable and unrecognizable. Soil mixture is then disposed into a metal locking trash dumpster. The product is then removed from METRC and our POS system. We also record the event in our "Waste Disposal Log" which catalogues dates, description of product, and names of those involved in the destruction process.

9. Describe your plan for windows and traffic flow into and out of the Licensed Premises.

Product will not be visible from the outside per MED regulations. Building will have sufficient outdoor lighting and employees will be able to view adjacent grounds including the parking lot and anyone entering or leaving the premises. All employees will enter and exit through the back entry door while all customers will enter and exit through the front door on W Colorado Blvd.

10. Describe your plan for packaging and labeling marijuana, including Child-resistant containers or Child resistant exit packaging.

Green Dragon marijuana is sold in sealed bags. These bags are weighed, packaged and labeled at our state of the art processing center located in our Denver cultivation facility. This labeling includes Strain Name, Net Weight, Ingredients, Test Results, MED Universal Symbol, Green Dragon Logo, POS tracking bar code and grow license number. When purchased, the pre-packaged bags of product are placed into custom Green Dragon Child Resistant "Exit Bags" before leaving the store. Customers are encouraged to bring their "Exit Bags" back for future purchases to reduce the impact on the environment. Every medicated product in our store is packaged in child resistant packaging, containers or is placed in a child resistant exit bag.



11. Describe your plan for age verification, and identify the ID scanner to be used.

Green Dragon is 100% committed to preventing our products from being sold to anyone under age 21. Employees go through an extensive age verification procedure and training



Town of Telluride Operating Plan

program called *The Green Dragon Underage Prevention Plan*, a set of procedures to eliminate the risk of having underage customers in our stores. In addition, all retail employees must take and pass a MED Certified Responsible Vendor Training program in order to be employed by our company.

Green Dragon stores have the following hardware and procedures in place to prevent anyone under 21 years of age from entering a Green Dragon Store:

1. Digital ID Scanners called Tokenworks ID Scanner Solutions- IDVisor Model # Z-22 Mobile ID Scanner. Retail employees are required to scan every customer's ID, as well as perform a visual ID check.
2. Current ID reference books- the official ID Checking Guide, so that out-of-state ID's can be checked for accuracy.
3. "Over 21 as of this date" calendars located at every store check in station
4. Vertical IDs have to be checked by a second employee, to verify that no underage customers enter the store.
5. All customers ID's are rechecked again before purchasing any product.
6. A sign on the front door that reads, "No one under 21 years of age permitted on premises."

12. Your plan to ensure that no overweight amount is sold to customers.

We only sell prepackaged product at our retail stores so that our staff never needs to measure and weigh marijuana. This takes the uncertainty out of the hands of retail staff and creates a more compliant organization. Additionally, our custom POS system will not allow purchases that are over 28g of packaged product to be sold. It will present an error message on the monitor if there are too many items or the amount is over the acceptable legal limit.



At our cultivation facility, marijuana is put into a commercial grade weighing machine prior to being packaged to assure consistent measurement of all weights. Packages are only sold in grams, eighths, quarters, halves and ounces. The packages are sealed and nitrogen flushed to remove all oxygen to retain freshness and eliminate odor.



13. Plan for adhering to marijuana testing requirements



As per State law, all of our harvest batches of cannabis are tested at a MED licensed and certified testing facility for potency and microbials. The results of these tests are printed on every bag of marijuana at the point of packaging at our Denver based grow facility. In addition, we also check testing on all of our wholesale purchased edibles to ensure that they have their tested results correctly displayed on their products.

14. Are you a state-certified "Responsible Vendor?" If so, indicate date and place of certification.

All Green Dragon store locations are State-Certified Responsible Vendors. Due to the number of employees in our organization, our HR department requires that all new employees are certified within 90 days of employment. Certification is taught by the Trichome Institute either at our store locations or at training seminars in Denver. Green Dragon became an approved state-certified Responsible Vendor in 2016.

15. Describe your plan, including policies and procedures for training employees in conducting daily operations and in complying with all state and local laws.

No company can achieve growth and success without providing the proper training and corporate procedures for their employees. Green Dragon prides itself on its extensive training program. We provide all employees with the following documents at the beginning of their employment: Green Dragon Policies and Procedures Handbook, retail store state and local laws and regulations guide, Compliance Handbook, Product Education Guides, in addition to custom-built training courses and quizzes on Litmos learning management software (LMS). Employees are frequently tested with "simulated" MED walkthroughs performed by our Compliance Department, as well as secret shoppers to ensure that Green Dragon's store standards are being upheld at all times. We utilize a cloud based system to update our Policies and Procedures, as well as any important information on a real time basis.

16. Describe any consumer education you intend to do.

Colorado recreational cannabis is available to all qualified consumers over the age of 21, therefore it has become imperative for all our retail staff to be able to field numerous questions for customers and locals alike. Green Dragon has instituted a "Cannabis Education Center" located in all our stores with interesting information to educate customers on cannabis, including safe use practices, state laws and product information.

Additionally, Green Dragon never makes the customer feel as if smoking is the only way to consume marijuana. In fact, we encourage non-smoking alternatives by offering vaporizers, vape pens, and a



Town of Telluride Operating Plan

vast selection of edibles ranging from drinks, lozenges, freshly baked goods, chocolates and oral tinctures.

Green Dragon also utilizes The Colorado Department of Public Health and Environment (CDPHE) "Good to Know" kits. This program is aimed at educating the public on consuming cannabis responsibly, reinforces safe and responsible experiences with cannabis. These educational pamphlets are available to all customers at our stores.

17. Describe any advertising you intend to do.

Green Dragon utilizes traditional print media to advertise in publications such as the Westword and Culture magazines which are local publications that have a certified readership of more than 70% over the age of 21.

18. Describe any security/operational measures you intend you intend to employ, above and beyond state and local requirements.

Security at Green Dragon is considered to be paramount in order to protect our customers, our employees and our business. Green Dragon's philosophy on security is a highly layered system and we look at security as an investment rather than an expense. Employees are consistently trained and retrained to reiterate how extremely serious and important this policy is.

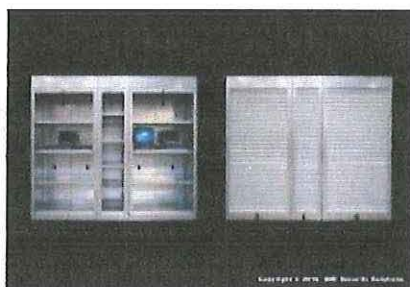
The Green Dragon Security Plan goes above and beyond mandatory security compliance outlined by the State of Colorado and the Town of Telluride. We take this position to ensure the safety of our employees, customers, law enforcement officers, surrounding community and our valuable inventory. Green Dragon's corporate position on security is considered the best loss prevention insurance one could have. We feel Green Dragon has the most stringent security systems and protocols in any retail operation in America. We intend to hire professional security personnel to monitor the Telluride store. The following is a partial list of our extensive security protocols:

- Fortified exterior steel doors with bump-proof commercial locks and exterior door jam blocker plates.
- Roll Down security cabinets same as ones used in leading pharmacies.
- Roll Down security gates and shutters on all exterior windows, doors and interior storage doors.
- Trident 5 point locks on exit doors
- Professionally installed and continuously monitored burglar alarm system with door sensors on all doors, glass breakage detection on all glass, shock sensors as needed and motion detection in all appropriate zones
- Brightly lit extensive perimeter exterior lighting
- Hard wired panic buttons under all cash registers and Panic button watches and pendants worn by retail staff
- Interior and exterior video surveillance exceeding MED specifications
- State of the art Digital Video surveillance system, exceeding MED required regulations. System is maintained by Green Dragon IT Department.
- On-going employee training and testing on security policies and prevention, security procedures and protocols including store opening, store closing, suspicious people situations, and delivery receiving protocols.



Town of Telluride Operating Plan

- No trash removal after business hours due to security risk.
- Employee training on after hours and before store opening security risks associated with walking to and from car.
- Store employees are not allowed to keep more than \$250 in their cash drawer. All cash fed into smart safe throughout the day. Safe can only be opened by bank's armored car service. No one on premises has safe combination. This keeps cash in store to a minimum.
- Bank tracking technology located in select inventory items as well as cash registers.
- All marijuana flower, concentrates and edibles are kept in locked safes.
- All items in our retail cases for security reasons are non medicated and for display only.
- Compliance binders include all records required by State and Local code. All other records not required to be kept on site will be maintained at our Corporate Headquarters located at 930 W Byers Pl, Denver CO 80223.



19. Odor management

Green Dragon's retail stores do not produce odor as all of our Marijuana Product is sealed in nitrogen flushed airtight bags. By pre-weighing and hermetically sealing all of our marijuana bags at the factory level this ensures the highest product safety and hygiene. It also prevents any marijuana odor at the store level. This standard of cleanliness and odor mitigation would not be achievable if individual store locations were weighing marijuana and packaging by hand. Green Dragon stores will never produce any odors that are noticeable from either inside or outside of the stores. Green Dragon has never received an odor complaint at any of our ten retail locations across the state.



Conclusion

Green Dragon is a fast growing company that is highly compliant, detail-oriented and committed to excellence in everything we do. We look forward to working in harmony with all local businesses, neighboring communities and with the Town of Telluride to achieve our continued success. Green Dragon is proud to set a high standard of excellence which assures us to become a welcome member of the Town of Telluride's business community.

Green Dragon Employee List

119 W Colorado Ave
Telluride, CO 81435

Employees will be hired upon issuance of State and Local Licenses.



Holder Inc., Security Integration Systems

Alarm Protection for your Home and Business

6801 West 117th Ave. Unit A-7, Broomfield Co. 80020 (303)465-9272 Ofc. (303)465-0767
Burglar Alarms, Fire Alarms, CCTV, Intercom, Home Automation, Audio



Installation, Service and Monitoring Agreement

This agreement is made this 26th day of January 2017, by and between HOLDER Inc., and Green Dragon ("Subscriber") located at 119 W Colorado Ave. (Address) Telluride (City) CO (State) 81435 (County) 81435 (Zip) () (Telephone) (the "Monitored Location")

Holder Inc. agrees to install the security alarm system ("the Equipment") at the Monitored Location and/or to provide Monitoring Services and/or Maintenance Services. If applicable, as indicated below and as more fully described herein, to Subscriber, and Subscriber agrees to pay to Holder Inc. the amounts summarized below, upon and subject to the terms and conditions of this Agreement.

Services Provided:

Digital Security Monitoring\$ 29.95
HOLDERcom Radio \$ 10.00
HOLDERcom Internet \$
HOLDERcom Fire \$
Total Monthly Fees \$ 39.95

Billing:

Quarterly X
Type of Contract
Purchase
Commercial X
Conversion X

Payment:

Invoiced X
Initial Installation and Service Charge:
Installation Price \$ 0
+BA/FA Permit Fee \$
Total Installation Price \$ 0

The Equipment Installed: Subscriber owned equipment

1. Terms of Agreement

A. The initial term of this Agreement shall be Three (3) years ("the initial term"). HOLDER INC.'s, (hereafter known as "HOLDER") obligation to provide Monitoring and/or Maintenance Services and Subscribers obligation to pay for the fees and the Services shall commence on the day that HOLDER connects the Equipment to HOLDER's central station and HOLDER receives satisfactory test signals from such Equipment. Subscriber agrees to pre-pay the total monthly fees listed above per the billing terms listed above. This agreement will automatically continue for successive one year renewal terms (the "renewal term") unless Subscriber or HOLDER gives written notice of cancellation at least 30 days prior to the end of the initial or any renewal term.

B. Title to the Equipment shall remain property of HOLDER unless sold and fully paid. Subscriber understands and agrees that HOLDER may, in its sole and absolute discretion, electronically lock out the digital alarm communicator transmitter (Master Control Panel) in order to limit access to the Equipment to HOLDER only. Should Subscriber default hereunder, or upon termination of monitoring services for any reason, or if the Equipment becomes a "runaway" system, or the Equipment excessively signals HOLDER's monitoring station without apparent reason, Subscriber authorized HOLDER to, without limitation, do any one or more of the following: remove the Equipment from the Premises (if installation or sales price not fully paid) without obligation to repair or redecorate any portion of the Subscriber's Monitored Location upon any such removal, disconnect the Equipment, shut down the Equipment and/or render some or all of the Equipment incapable of signalling locally or communicating with any monitoring station, and refuse to unlock the Equipment. The exercise of such rights shall not be deemed a waiver of HOLDER's right to damages, and HOLDER shall have the right to enforce all other legal or equitable remedies or rights. If Subscriber prevents HOLDER from exercising its rights under this Section, Subscriber agrees to pay to HOLDER the sum of One (\$1.00) Dollar for each individual signal from the Monitored Location received by the monitoring station, as liquidated damages and not as a penalty, plus all actual attorney's fees and court costs incurred by HOLDER as a party in any action at law or in equity arising out of this paragraph. HOLDER may, with or without written notice to the Subscriber, remove, disable and/or abandon in whole or in part, the Equipment, upon termination of the Services without obligation to repair or redecorate any portion of the Subscriber's Monitored Location upon any such removal, and that the removal, disablement and/or abandonment of such Equipment shall not be held to constitute a waiver of the right of HOLDER to collect any charges which have been accrued or may be accrued hereunder.

C. HOLDER reserves the right to charge Subscriber for incidental costs relating to each of the Services chosen by Subscriber during the initial term and any renewal term. HOLDER shall have the right to increase periodic charges at any time or times after the expiration of one year from the date of this Agreement by no more than 8% and no more than once annually. Return Check charges are \$25 or 5% of the face value of the check, whichever is greater.

D. Subscriber acknowledges and agrees that (I) additional equipment, at additional cost, can provide increased detection ability, (II) Subscriber has voluntarily elected to accept the Equipment based on Subscriber's personal reasons, i.e. Cost, firm culture, Premise environment, animals, etc., and (III) a second telephone line at the Premises is necessary to use the telephone while the Equipment is communicating with the monitoring service, and (IV) the HOLDERcom System and inclusions are owned by HOLDER and will be returned to HOLDER at the expiration or termination of this Agreement.

2. Monitoring Service

A. Monitoring Services consist of the receipt and analysis of signals from the Equipment installed, including additional equipment which may be installed from time to time at the request of Subscriber, at the Monitored Location, and to make any reasonable effort to notify the proper authorities or other persons or entities as set forth in the Emergency Information Application, attached hereto and incorporated herein by reference. Such Monitoring Services are initiated upon (I) activation of the Equipment, (II) receipt of a fully executed copy of this Agreement, (III) receipt of the completed Notification Instructions, (IV) receipt of satisfactory test signals by HOLDER's and/or contracted monitoring facility, and (V) receipt of all necessary fire and police permits required by law from Subscriber. Subscriber is responsible for maintaining all permits required by law in the jurisdiction the monitored location resides, until these five requirements are met HOLDER nor its contractor shall be obligated to provide monitoring service.

B. HOLDER reserves the right to employ other monitoring facilities and guard response services. Subscriber acknowledges and agrees that this Agreement, and particularly those paragraphs relating to disclaimers of warranties, liquidated damages, and indemnification, inure to the benefit of and are applicable to any monitoring facilities and guard response offices employed by HOLDER, as well as HOLDER, and that they bind Subscriber with respect to the monitoring facility and/or guard response service in the same manner and with the same force and effect that they bind Subscriber to HOLDER.

C. Subscriber understands that transmission of signals may be made by telephone service, cellular device, radio telemetry, Internet Protocol, or other potential mediums which the equipment communicates with HOLDER's central station and/or subcontractors central station and that alternative or additional protection can be installed utilizing any one of the above mentioned devices set forth in this paragraph or other optional equipment at Subscriber's request. To the extent such additional devices are provided, the rates for Monitoring Services may be increased. Subscriber understands that notice of signals from the Central station to the fire or police departments or other agencies will be by telephone line. Subscriber also agrees that receipt for the use of connecting lines for the Monitored Location, the transmission of signals for cellular devices is also dependent upon telephone lines. Subscriber understands that HOLDER does not represent or warrant that the transmission signals to or from the central station may not be interrupted, circumvented or compromised. Subscriber further acknowledges that HOLDER assumes no liability for the interruption of services due to electrical storms, power failures, interruption or unavailability of telephone service, cellular and radio frequency, loss of internet connection or other conditions beyond HOLDER's control. In addition, Subscriber understands that digital central station communicator is a non supervised reporting device which requires the telephone line to be operative for a signal to be received by the central station, and if the telephone line is non-operative, there is no indication of this fact at the central station and no signal can be received by the central station while the telephone line is inoperative. Subscriber acknowledges that the use of radio frequencies and cellular devices are controlled by the Federal Communications Commission and changes in rules, regulations and policies may necessitate discontinuing such transmission devices by HOLDER at HOLDER's option.

D. Subscriber shall be responsible for the furnishing, installation and maintenance of the coupler or other similar device which connects the dialer, digital dialer and/or communicator to the telephone transmission wires, and the furnishing, installation and maintenance of the telephone transmission wires which will transmit alarm signals to the monitoring facility. Subscriber acknowledges that HOLDER shall not be liable for the activation, interruption, operation or non-operation of the coupler, telephone or telephone transmission wires, cellular device or internet connection since HOLDER has no control or supervision of such equipment. The charges for the installation continuance and removal of the telephone and cellular service will be billed directly to Subscriber by the service provider and Subscriber will pay them directly to the telephone and cellular service provider, as applicable.

E. HOLDER may have the ability to program the equipment from its facilities, and Subscriber acknowledges that changes of the programming of the equipment may be made upon request by subscriber, upon default and/or termination of the Monitoring services, or at the sole discretion of HOLDER.

F. Subscriber understands that in the event the equipment continuously transmits signal, to be reasonably determined by HOLDER as runaway signals, Subscriber agrees to reset the equipment or permit HOLDER to do the same either remotely or at the monitored location. If such action is not taken due to the neglect, fault, or omission of Subscriber, Subscriber shall indemnify HOLDER for all costs incurred from the runaway signal.

G. Upon Receipt of a valid subscriber CANCEL/OPEN code transmitted from the Equipment, HOLDER may, in it's absolute and sole discretion and without any liability, attempt to cancel any dispatch that has occurred.

3. Inspection Service

Where inspection Service is provided under this agreement, HOLDER will perform periodic inspections of the equipment in the manner and frequency indicated on the front side of this agreement. Subscriber authorizes HOLDER to make any repairs necessitated by damaged or malfunctioning equipment noted during such inspection. Subscriber further agrees to pay HOLDER for service and equipment charges in connection with these repairs at the then current rates charged by HOLDER.

SUBSCRIBER REPRESENTS AND WARRANTS TO HOLDER THAT SUBSCRIBER HAS READ ALL OF THE TERMS AND CONDITIONS HEREIN INCLUDING THOSE ON THE REVERSE SIDE HEREOF AND ALL OF THE TERMS AND CONDITIONS WHICH ARE PRINTED ON THE DOCUMENTS ATTACHED TO THIS AGREEMENT BEFORE EXECUTING THIS AGREEMENT. THE ENTIRE AGREEMENT BETWEEN THE PARTIES CONSISTS OF THIS AGREEMENT AND ALL APPLICABLE ATTACHMENTS OR RIDERS WHICH TOGETHER SUPERSEDE ANY AND ALL OTHER AGREEMENTS, UNDERSTANDINGS OR REPRESENTATIONS IN CONNECTION WITH THE SERVICES TO BE PROVIDED HEREUNDER.

Accepted By:

HOLDER INC. Sales Representative Signature

Date

Accepted and Copy Received by:

Company Name (Please Print)

Subscriber's Name and Title (Please Print)

ACCEPTED BY COMPANY—(Authorized Signature only)

Date

Subscribers Signature

Date

This agreement shall not be binding upon HOLDER until approved in writing by a duly authorized representative of the company. In the event of failure of such approval, the only liability of HOLDER shall be to return to the Subscriber the amount, if any, paid to HOLDER upon signing of this Agreement. HOLDER has no responsibility for monitoring services until all permits required by law are received by HOLDER.

4. Third Party Installations

In the event Subscriber's equipment was not installed by HOLDER or a contractor of HOLDER, HOLDER makes no warranty or representation that the equipment will function properly, and HOLDER reserves the right to terminate its obligations under this agreement at any time by written notice to Subscriber. Subscriber acknowledges that if the equipment is installed by a third party, that the relationship between HOLDER and third party is that of principal and independent contractor, and not of an employer and employee.

5. Installation; Service; Delays: Subscriber acknowledges and agrees that HOLDER and Representatives have no knowledge of existing hidden pipes, wires or other like objects within walls, floors, ceilings, and other concealed spaces, and it is Subscriber's obligation to advise HOLDER in writing of such objects, failing which HOLDER and Representatives are released for any damages, losses or expenses arising out of or from, in connection with, as a result of, related to or as a consequence of such hidden objects. HOLDER and Representatives make no representation of delivery and installation of equipment or commencement of services by any particular date.

6. Costs

In the event Subscriber has not entered into an agreement with HOLDER to provide maintenance services for repairs due to ordinary wear and tear on the equipment, charges for repair services will be made to Subscriber on a time and materials basis based upon HOLDER's rates in effect at the time the repair service is rendered. Such service rates are subject to change without notice. Subscriber acknowledges that it is Subscriber's responsibility to make and to pay for all repairs or replacements should any part of the equipment be damaged by lightning, electrical surges or other acts of God, fire, riot, war, negligence, vandalism or any external cause.

7. Limitation of Liability and Liquidated Damages

A. It is understood and agreed that HOLDER is not an insurer, that insurance shall be obtained by Subscriber including personal injury, including death, and real or personal property loss or damage; that the payments and charges provided for herein are based solely on the value of the equipment and services, as set forth herein, and are unrelated to the value of the monitored location, Subscriber's property or the property of others located at Subscriber's monitored location. HOLDER makes no guarantee or warranty that the equipment supplied will avert or prevent occurrences of which the equipment or services are designed to detect or avert. Subscriber acknowledges it is impractical and extremely difficult to fix the actual damages, if any, which may proximately result from HOLDER's active or passive negligence, as failure to perform any of the obligations herein, or the failure of the equipment to properly operate with resulting loss to Subscriber because of, among other things: (i) the uncertain amount of value of Subscriber's property or the property of others kept at the Monitored location which may be lost, stolen, destroyed, damaged or otherwise affected by occurrences which the equipment or services are designed to detect or avert; (ii) the certainty of the response time of any police or fire department should the police or fire department be dispatched as a result of a signal being received or an audible device sounding; (iii) the inability to ascertain what portion, if any, of any occurrence would be proximately caused by HOLDER's failure to perform or by failure of its equipment to operate, and (iv) the nature of the services to be performed by HOLDER.

B. Subscriber understands and agrees that if HOLDER should be found liable for loss or damage to any persons or property, irrespective of cause, due to acts, errors or omissions which occur prior to, contemporaneously with, or subsequent to the execution of this agreement, whether due to (i) the negligence, whether active or passive, joint or separate, of HOLDER, its officers, agents, servants, employees, suppliers, subcontractors, and/or assigns to perform or properly perform any of the obligations herein, including but not limited to repair, installation, monitoring or other services; (ii) the failure of the system or equipment in any respect whatsoever; or (iv) otherwise, HOLDER's liability shall be limited to \$500.00, and this liability as herein set forth is fixed as liquidated damages and not as a penalty and this liability shall be complete and exclusive and shall survive the termination or expiration of this agreement. If Subscriber wishes HOLDER or its contractor to assume a greater limited liability, Subscriber may obtain from HOLDER a higher limitation of liability by paying an additional periodic service charge to HOLDER. If Subscriber elects to exercise this option, a rider shall be attached to this Agreement setting forth the terms, conditions and amount of the limited liability and the additional periodic charge. Such Rider and additional obligation shall in no way be interpreted to hold HOLDER or its contractor as an insurer. It is further agreed that the limitations on liability, expressed herein, shall inure to the benefit of and apply to all parents, subsidiaries, and affiliates of HOLDER.

C. Subscriber agrees to obtain insurance coverage adequate to protect Subscriber's interest in light of the limitations of liability stated in this Agreement. Subscriber hereby releases HOLDER, its officers, agents, servants, employees, subcontractors and/or assigns from any liability, including but not limited to death or personal injury of any persons for damage to property of any persons, by virtue of this Agreement or the relationship hereby established to the extent that such liability exceeds \$500.00. In the aggregate, whether such liability arises in contract, tort or equity, where such liability consists of general, direct, special, incidental, exemplary, punitive and/or consequential damages; where such liability is due to the design, sale, lease, installation, repair, service or monitoring of any systems, the dispatch of individuals to the premises, the failure or faulty operation of any equipment, the active or passive, sole, joint negligence of HOLDER, its officers, agents, servants, employees, suppliers, subcontractors and/or assigns; and/or loss or damage to facilities necessary to operate the equipment or central station, or otherwise. The foregoing release shall survive the termination or expiration of this in the aggregate, whether such liability arises in contract, tort or equity, whether such liability consists of general, direct, special, incidental, exemplary, punitive and/or consequential damages; whether such liability is due to the design, sale, lease, installation, repair, service or monitoring of any systems, the dispatch of individuals to the premises, the failure or faulty operation of any equipment, the active or passive, sole, joint negligence of HOLDER, its officers, agents, servants, employees, suppliers, subcontractors and/or assigns; and/or loss or damage to facilities necessary to operate the equipment or central station, or otherwise. The foregoing release shall survive the termination or expiration of this Agreement. HOLDER assumes no responsibility for any losses in excess of such amount. It should be noted that some states do not allow the exclusion or limitation of incidental or consequential damages, disclaimers of implied warranties, or limitations on how long an implied warranty lasts, so the limitations stated may not apply. Such state laws may grant Subscriber specific legal rights in addition to those created pursuant to this Agreement.

8. Company's Right to File Mechanic's Lien

Subscriber acknowledges that Subscriber is aware that if Subscriber defaults in the performance of any of the terms or conditions of this Agreement, HOLDER may have the right to record a Mechanic's Lien upon any property upon which HOLDER has bestowed labor and/or furnished material or equipment, for the value of such labor done, or materials furnished, and/or for the value of the use of such appliances or equipment, whether done or furnished at the instance of the owner or any person acting by or under the authority of the owner, or under the owner as a contractor or otherwise. Subscriber may be entitled to protect himself/herself/itself under applicable law against such claims either by filing with the court a "No Lien Agreement" or a payment bond, depending upon the law of the state where the monitored location is located.

9. Third Party Indemnification

Except as otherwise specifically provided in the Paragraph 7, Subscriber agrees to and shall indemnify and hold harmless, HOLDER, its affiliates, and then respective officers, employees, servants, agents and assigns from and against all claims and lawsuits which are brought or sustained by parties or entities other than the parties to this Agreement ("third parties"). This provision shall apply to all such claims based upon defective design, installation, repair, monitoring, operation or non-operation of the system or equipment, whether those claims are based upon negligence (active or passive, sole or contributory), warranty, contribution, indemnification, or strict or product liability, on the part of HOLDER, its officers, agents, servants, employees, subcontractors and/or assigns and shall survive the termination or expiration of this Agreement. This Agreement by Subscriber to indemnify HOLDER against the party claims as hereinabove set forth shall not apply to losses, damages, expenses and liability which occur while any employee of HOLDER is at the monitored location and which losses, damages and liability are solely and directly caused by the acts of said employee.

10. Subscriber's Duties as to use of Equipment

Subscriber shall cooperate with HOLDER in the operation and monitoring of the Equipment and shall follow all instructions and procedures which HOLDER may prescribe for the operation of the Equipment, the rendering of Services, and the provision of security for Subscriber's Monitored Location. Subscriber will test the equipment at least monthly in accordance with the instructions which Subscriber acknowledges Subscriber has received from HOLDER. Subscriber expressly covenants and agrees not to tamper with, disturb, injure, remove, or otherwise interfere with the Equipment or permit the same to be done by any third party. It is further agreed that the Equipment shall remain in the same location as installed and any removal or disturbance therein resulting from painting, altering, remodeling, or other wise, shall be paid for by the Subscriber. In addition to any sums specified herein, in accordance with then current standard charges of HOLDER. If subscriber fails to test the equipment at least monthly, HOLDER will not be responsible for any warranties or service provided under this agreement. If subscriber allows any third party or non-authorized HOLDER contractor to tamper with, disturb, injure, remove, reprogram, alter, or otherwise interfere with the Equipment, HOLDER will not be responsible for any warranties or service provided under this agreement.

11. Limited Warranty

A. HOLDER warrants that the Equipment will be free from defects in material and workmanship under normal use and operating conditions for a period of one year from the installation date. In the event that any part shall become defective within ninety (90) days from the date of this agreement, or for a term equal to that provided by the original equipment manufacturer, whichever is less, HOLDER shall replace or repair the defective part without charge to subscriber. Holder reserves the right to use reconditioned parts in fulfillment of this warranty. Warranty service will be furnished during HOLDER's regular business hours of Monday—Friday, excluding holidays from 8:00 am to 5:00 pm. Emergency service provided at other times shall be paid by Customer at the then applicable HOLDER rates. Subscriber must provide full access to the monitored location and to the Equipment requiring repair at the time agreed upon by HOLDER and Subscriber. Warranty service excludes replacement of batteries or repair of the Equipment as a result of damage from accident or abuse, misuse, faulty telephone or electrical connections, unauthorized repairs, vandalism, theft, acts of God, cosmetic damage, or other causes other than normal wear and tear. Parts required which were not defective shall be at additional cost to Subscriber. HOLDER shall not be responsible for failure to render service due to causes beyond HOLDER's control. Any other service provided shall be paid by Subscriber at HOLDER's then applicable service rates.

12. Waiver of Subrogation: Subscriber's insurance companies shall not have (a) any rights created by a loan agreement, loan receipt, or other like document or procedure, or (b) any right of subrogation against HOLDER or Representatives.

13. Taxes, Fees, Fines, Licenses, and Permits

A. Subscriber agrees to pay all sales tax, use tax, property tax, and any other taxes (excluding federal and state income taxes) in connection with the Equipment and Services listed above, including the use, monitoring and maintenance of the Equipment and sale of any additional equipment networks, if applicable, all charges made by any telephone company or other utility for service of the telephone and/or cellular network connecting Subscriber's premises to HOLDER's monitoring facility, any increase in electricity charges, and any building permit or other fees required under any ordinance or laws in order to monitor and/or maintain the Equipment at Subscriber's Monitored Location. To the extent these charges are not included in the charges for Services set forth in this Agreement, Subscriber agrees that HOLDER may pass the additional charges through to Subscriber at any time without notice.

B. In the event the Equipment is activated for any reason, expenses and penalties assessed against Subscriber and/or HOLDER by any court or local, state or federal governmental agency as a result thereof, shall be the sole responsibility of Subscriber. If HOLDER receives an excessive number of signal (to be determined in its sole discretion) related to false alarms which are caused either by the intentional or unintentional use of the Equipment, or if the Equipment is in any manner misused or abused, HOLDER, at its option, may be excused from further performance under this Agreement upon ten days written notice to Subscriber. Subscriber acknowledges that the Equipment, by virtue of its sensitive electromechanical and/or electronic nature, may cause an alarm to activate and that such circumstances are beyond the control of HOLDER.

C. Subscriber understands and agrees that Subscriber will be responsible for the acquiring and renewing of all applicable licenses and permits as required by any and all governmental entities in connection with the Equipment and/or the services. If Subscriber fails to maintain any required licenses or permits, HOLDER will not be held responsible for performing the services and may terminate the services without notice to Subscriber.

14. Emergency Information

Subscriber shall furnish to HOLDER certain emergency information to be provided in the Emergency Information Application and shall keep it current by providing HOLDER with any changes either in writing or by telephone and providing the identifying information required. However, HOLDER has no obligation to telephone any emergency agency or person other than the agency or person provided to HOLDER by Subscriber in writing. Subscriber understands that HOLDER is responsible only for endeavoring to notify by telephone the appropriate emergency agency or other person named by Subscriber in writing. Subscriber understands that HOLDER will not send any HOLDER personnel to Subscriber's location in response to alarm signal received unless Guard Service is specifically contracted for or is in compliance with state or local laws. Subscriber also understands that HOLDER does not represent or promise that anyone telephoned by HOLDER will respond to the call, and Subscriber releases HOLDER from any responsibility or liability for any losses incurred as a result of the failure or delay in responding. Subscriber agrees that HOLDER may record any telephone calls that Subscriber makes to HOLDER and any telephone calls that HOLDER makes from its facility to the Monitored Location.

15. Destruction of Central Station

Subscriber agrees that HOLDER's obligations hereunder are waived and HOLDER is automatically released without notice and without liability to Subscriber for any general, special, incidental, or consequential expense, loss or damage to Subscriber, in case the central station, connecting wires, equipment or facilities necessary to operate the Subscriber's Equipment or HOLDER's central station are destroyed, damaged or are inoperable for any reason whatsoever, and Subscriber shall be entitled to reimbursement of the pro-rata portion of any charges paid for the period of interruption on request of Subscriber.

16. Assignment

This Agreement is not assignable by Subscriber except upon the written consent of HOLDER, which shall be in HOLDER's sole and absolute discretion. This Agreement or any portion thereof is assignable by HOLDER in its sole and absolute discretion.

17. Right to Subcontract: HOLDER shall have the further right to subcontract any installation and/or services, including, but not limited to, Monitoring Service and/or Maintenance Services which it may perform. Subscriber acknowledges that this Agreement, and particularly the paragraphs relating to HOLDER limited liability, disclaimer of warranties and third party indemnification inure to the benefit of, and are applicable to, any assignees, and/or subcontractors of HOLDER, and that they bind Subscriber respect to said assignees and/or subcontractors with the same force and effect as they bind Subscriber to HOLDER.

18. Default / Termination

A. HOLDER may terminate its obligation to provide the Services at any time by mailing a notice by certified mail to Subscriber's billing address in the event (i) of a breach by Subscriber of any of the provisions of the Agreement; (ii) fees are unpaid; (iii) Subscriber abuses the Equipment or the use of the Central Station; (iv) the central station, the connecting lines or the Equipment are destroyed or are so substantially damaged that it is impractical to continue service; or (v) HOLDER is unable to either secure or retain the connection or privileges necessary for the transmission of signals between the Monitored Location and the central station, or between the central station and the appropriate police department, fire department or other agencies.

B. If Subscriber is in default under this Agreement and such default continues for ten days after HOLDER gives Subscriber written notice of such default, in addition to any other remedies provided by law, HOLDER may do any or all of the following without releasing Subscriber: (i) terminate this Agreement upon ten days written notice to Subscriber; (ii) without terminating this agreement, take possession of any HOLDER Equipment wherever located; (iii) by notice to Subscriber, declare immediately due and payable an amount equal to 100% of the fees to be paid by Subscriber during the remaining term (Initial or Renewal) of this Agreement, which amount HOLDER and Subscriber agree is a reasonable determination of HOLDER's damages in the event of default or early termination of this Agreement by Subscriber; (iv) may dispose of, hold, lease or otherwise use any HOLDER-owned Equipment, as HOLDER determines in its sole discretion, without any duty to account to Subscriber. HOLDER may elect to, but shall not be required to resume providing Services upon cure of Subscriber's default.

C. In the event of a default and/or termination of the Agreement, HOLDER has the right under this Agreement to reprogram or disconnect Subscriber's Equipment so that it no longer communicates with the central station, without notifying Subscriber. In the event HOLDER must make a service call to the Monitored Location to terminate the transmission signals to HOLDER's central station, Subscriber shall pay \$65 to HOLDER as a disconnected fee. In the event Subscriber does not permit HOLDER to reprogram or disconnect the Equipment so that it no longer communicates with HOLDER's central station, Subscriber will be responsible for the Monitoring Services charges under the Agreement for as long as the Equipment is sending signals to HOLDER's central station.

19. Medical

Subscriber understands and accepts that HOLDER specifically denies any responsibility for Service associated with the notification or dispatching of paramedics, doctors and other medical personnel and/or ambulance services, and if there are any charges incurred as a result of said notification, said charges shall be the responsibility of Subscriber, whether requested or not and whether such entities were correctly or incorrectly notified by HOLDER.

20. Notices and General Legal Matters

A. Unless otherwise provided in this Agreement all notices under this Agreement are to be signed and dated in writing, and are to be sent by U.S. mail, postage prepaid, addressed to HOLDER or Subscriber at the addresses shown on first page of this Agreement. Subscriber or HOLDER will notify the other in writing of any change of address for the purpose of giving notices under this Agreement. Notices are effective five days after the date sent.

B. If a court determines that any provision of the Agreement is invalid or unenforceable, that provision will be null and void to the extent determined by the court; however, each and every other provision of this Agreement shall continue to be valid and enforceable.

C. Each party hereby irrevocably agrees that any suit, action or other legal proceeding ("suit") arising out of or from, in connection with or as a result of this agreement shall be brought exclusively in the state courts of record or the courts or the courts of the United States located in the district or county where HOLDER's corporate office is located. Each party consents to the exclusive jurisdiction and venue of each such court in any such suit and waives any objection that it may have to jurisdiction or venue of any such suit. Each party consents to service of process in accordance with the notice provisions of this agreement. Each party hereby waives any right to trial by jury in any suit, action or other legal proceeding brought by either party.

D. The accompanying Data Entry Form, Equipment List, and any other applicable riders or addendum's are incorporated into and made a part of this Agreement.

Initial _____



Holder Inc., Security Integration Systems

Alarm Protection for your Home and Business

6801 West 117th Ave. Unit A-7, Broomfield Co. 80020 (303)465-9272 Ofc. (303)465-0767

Burglar Alarms, Fire Alarms, CCTV, Intercom, Home Automation, Audio



Installation, Service and Monitoring Agreement

This agreement is made this 26th day of January 2017, by and between HOLDER Inc., and Green Dragon ("Subscriber") located at 119 W Colorado Ave. (Address) Telluride (City) CO (State) 81435 (County) 81435 (Zip) () (Telephone) (the "Monitored Location")

Holder Inc. agrees to install the security alarm system ("the Equipment") at the Monitored Location and/or to provide Monitoring Services and/or Maintenance Services. If applicable, as indicated below and as more fully described herein, to Subscriber, and Subscriber agrees to pay to Holder Inc. the amounts summarized below, upon and subject to the terms and conditions of this Agreement.

Services Provided:

Digital Security Monitoring \$ 29.95
HOLDERcom Radio \$ 10.00
HOLDERcom Internet \$
HOLDERcom Fire \$

Total Monthly Fees \$ 39.95

Billing:

Quarterly X
Type of Contract
Purchase
Commercial X
Conversion X

Payment:

Invoiced X
Initial Installation and Service Charge:
Installation Price \$ 0
+BA/FA Permit Fee \$

Total Installation Price \$ 0

The Equipment Installed: Subscriber owned equipment

1. Terms of Agreement

A. The initial term of this Agreement shall be Three (3) years ("the initial term"). HOLDER INC.'s, (hereafter known as "HOLDER") obligation to provide Monitoring and/or Maintenance Services and Subscribers obligation to pay for the fees and the Services shall commence on the day that HOLDER connects the Equipment to HOLDER's central station and HOLDER receives satisfactory test signals from such Equipment. Subscriber agrees to pre-pay the total monthly fees listed above per the billing terms listed above. This agreement will automatically continue for successive one year renewal terms ("renewal term") unless Subscriber or HOLDER gives written notice of cancellation at least 30 days prior to the end of the initial or any renewal term.

B. Title to the Equipment shall remain property of HOLDER unless sold and fully paid. Subscriber understands and agrees that HOLDER may, in its sole and absolute discretion, electronically lock out the digital alarm communicator transmitter (Master Control Panel) in order to limit access to the Equipment to HOLDER only. Should Subscriber default hereunder, or upon termination of monitoring services for any reason, or if the Equipment becomes a "runaway" system, or the Equipment excessively signals HOLDER's monitoring station without apparent reason, Subscriber authorized HOLDER to, without limitation, do any one or more of the following: remove the Equipment from the Premises (if installation or sales price not fully paid) without obligation to repair or redecorate any portion of the Subscriber's Monitored Location upon any such removal, disconnect the Equipment, shut down the Equipment and/or render some or all of the Equipment incapable of signalling locally or communicating with any monitoring station, and refuse to unlock the Equipment. The exercise of such rights shall not be deemed a waiver of HOLDER's right to damages, and HOLDER shall have the right to enforce all other legal or equitable remedies or rights. If Subscriber prevents HOLDER from exercising its rights under this Section, Subscriber agrees to pay to HOLDER the sum of One (\$1.00) Dollar for each individual signal from the Monitored Location received by the monitoring station, as liquidated damages and not as a penalty, plus all actual attorney's fees and court costs incurred by HOLDER as a party in any action at law or in equity arising out of this paragraph. HOLDER may, with or without written notice to the Subscriber, remove, disable and/or abandon in whole or in part, the Equipment, upon termination of the Services without obligation to repair or redecorate any portion of the Subscriber's Monitored Location upon any such removal, and that the removal, disablement and/or abandonment of such Equipment shall not be held to constitute a waiver of the right of HOLDER to collect any charges which have been accrued or may be accrued hereunder.

C. HOLDER reserves the right to charge Subscriber for incidental costs relating to each of the Services chosen by Subscriber during the initial term and any renewal term. HOLDER shall have the right to increase periodic charges at any time or times after the expiration of one year from the date of this Agreement by no more than 8% and no more than once annually. Return Check charges are \$25 or 5% of the face value of the check, whichever is greater.

D. Subscriber acknowledges and agrees that (i) additional equipment, at additional cost, can provide increased detection ability, (ii) Subscriber has voluntarily elected to accept the Equipment based on Subscriber's personal reasons, i.e. Cost, firm culture, Premise environment, animals, etc., and (iii) a second telephone line at the Premises is necessary to use the telephone while the Equipment is communicating with the monitoring service, and (iv) the HOLDERcom System and inclusions are owned by HOLDER and will be returned to HOLDER at the expiration or termination of this Agreement.

2. Monitoring Service

A. Monitoring Services consist of the receipt and analysis of signals from the Equipment installed, including additional equipment which may be installed from time to time at the request of Subscriber, at the Monitored Location, and to make any reasonable effort to notify the proper authorities or other persons or entities as set forth in the Emergency Information Application, attached hereto and incorporated herein by reference. Such Monitoring Services are initiated upon (i) activation of the Equipment, (ii) receipt of a fully executed copy of this Agreement, (iii) receipt of the completed Notification Instructions, (iv) receipt of satisfactory test signals by HOLDER's and/or contracted monitoring facility, and (v) receipt of all necessary fire and police permits required by law from Subscriber. Subscriber is responsible for maintaining all permits required by law in the jurisdiction the monitored location resides, until these five requirements are met HOLDER nor its contractor shall be obligated to provide monitoring service.

B. HOLDER reserves the right to employ other monitoring facilities and guard response services. Subscriber acknowledges and agrees that this Agreement, and particularly those paragraphs relating to disclaimers of warranties, liquidated damages, and indemnification, inure to the benefit of and are applicable to any monitoring facilities and guard response offices employed by HOLDER, as well as HOLDER, and that they bind Subscriber with respect to the monitoring facility and/or guard response service in the same manner and with the same force and effect that they bind Subscriber to HOLDER.

C. Subscriber understands that transmission of signals may be made by telephone service, cellular device, radio telemetry, Internet Protocol, or other potential mediums which the equipment communicates with HOLDER's central station and/or subcontractors central station and that alternative or additional protection can be installed utilizing any one of the above mentioned devices set forth in this paragraph or other optional equipment at Subscriber's request. To the extent such additional devices are provided, the rates for Monitoring Services may be increased. Subscriber understands that notice of signals from the Central station to the fire or police departments or other agencies will be by telephone line. Subscriber also agrees that receipt for the use of connecting lines for the Monitored Location, the transmission of signals for cellular devices is also dependent upon telephone lines. Subscriber understands that HOLDER does not represent or warrant that the transmission signals to or from the central station may not be interrupted, circumvented or compromised. Subscriber further acknowledges that HOLDER assumes no liability for the interruption of services due to electrical storms, power failures, interruption or unavailability of telephone service, cellular and radio frequency, loss of internet connection or other conditions beyond HOLDER's control. In addition, Subscriber understands that digital central station communicator is a non supervised reporting device which requires the telephone line to be operative for a signal to be received by the central station, and if the telephone line is non-operative, there is no indication of this fact at the central station and no signal can be received by the central station while the telephone line is inoperative. Subscriber acknowledges that the use of radio frequencies and cellular devices are controlled by the Federal Communications Commission and changes in rules, regulations and policies may necessitate discontinuing such transmission devices by HOLDER at HOLDER's option.

D. Subscriber shall be responsible for the furnishing, installation and maintenance of the coupler or other similar device which connects the dialer, digital dialer and/or communicator to the telephone transmission wires, and the furnishing, installation and maintenance of the telephone transmission wires which will transmit alarm signals to the monitoring facility. Subscriber acknowledges that HOLDER shall not be liable for the activation, interruption, operation or non-operation of the coupler, telephone or telephone transmission wires, cellular device or internet connection since HOLDER has no control or supervision of such equipment. The charges for the installation continuance and removal of the telephone and cellular service will be billed directly to Subscriber by the service provider and Subscriber will pay them directly to the telephone and cellular service provider, as applicable.

E. HOLDER may have the ability to program the equipment from its facilities, and Subscriber acknowledges that changes of the programming of the equipment may be made upon request by subscriber, upon default and/or termination of the Monitoring services, or at the sole discretion of HOLDER.

F. Subscriber understands that in the event the equipment continuously transmits signal, to be reasonably determined by HOLDER as runaway signals, Subscriber agrees to reset the equipment or permit HOLDER to do the same either remotely or at the monitored location. If such action is not taken due to the neglect, fault, or omission of Subscriber, Subscriber shall indemnify HOLDER for all costs incurred from the runaway signal.

G. Upon Receipt of a valid subscriber CANCEL/OPEN code transmitted from the Equipment, HOLDER may, in its absolute and sole discretion and without any liability, attempt to cancel any dispatch that has occurred.

3. Inspection Service

Where inspection Service is provided under this agreement, HOLDER will perform periodic inspections of the equipment in the manner and frequency indicated on the front side of this agreement. Subscriber authorizes HOLDER to make any repairs necessitated by damaged or malfunctioning equipment noted during such inspection. Subscriber further agrees to pay HOLDER for service and equipment charges in connection with these repairs at the then current rates charged by HOLDER.

SUBSCRIBER REPRESENTS AND WARRANTS TO HOLDER THAT SUBSCRIBER HAS READ ALL OF THE TERMS AND CONDITIONS HEREIN INCLUDING THOSE ON THE REVERSE SIDE HEREOF AND ALL OF THE TERMS AND CONDITIONS WHICH ARE PRINTED ON THE DOCUMENTS ATTACHED TO THIS AGREEMENT BEFORE EXECUTING THIS AGREEMENT. THE ENTIRE AGREEMENT BETWEEN THE PARTIES CONSISTS OF THIS AGREEMENT AND ALL APPLICABLE ATTACHMENTS OR RIDERS WHICH TOGETHER SUPERSEDE ANY AND ALL OTHER AGREEMENTS, UNDERSTANDINGS OR REPRESENTATIONS IN CONNECTION WITH THE SERVICES TO BE PROVIDED HEREUNDER.

Accepted By:

HOLDER INC. Sales Representative Signature

Date

Accepted and Copy Received by:

Company Name (Please Print)

Subscriber's Name and Title (Please Print)

ACCEPTED BY COMPANY—(Authorized Signature only)

Date

Subscribers Signature

Date

This agreement shall not be binding upon HOLDER until approved in writing by a duly authorized representative of the company. In the event of failure of such approval, the only liability of HOLDER shall be to return to the Subscriber the amount, if any, paid to HOLDER upon signing of this Agreement. HOLDER has no responsibility for monitoring services until all permits required by law are received by HOLDER.

4. Third Party Installations

In the event Subscriber's equipment was not installed by HOLDER or a contractor of HOLDER, HOLDER makes no warranty or representation that the equipment will function properly, and HOLDER reserves the right to terminate its obligations under this agreement at any time by written notice to Subscriber. Subscriber acknowledges that if the equipment is installed by a third party, that the relationship between HOLDER and third party is that of principal and independent contractor, and not of an employer and employee.

5. **Installation; Service; Delays:** Subscriber acknowledges and agrees that HOLDER and Representatives have no knowledge of existing hidden pipes, wires or other like objects within walls, floors, ceilings, and other concealed spaces, and it is Subscriber's obligation to advise HOLDER in writing of such objects, failing which HOLDER and Representatives are released for any damages, losses or expenses arising out of or from, in connection with, as a result of, related to or as a consequence of such hidden objects. HOLDER and Representatives make no representation of delivery and installation of equipment or commencement of services by any particular date.

6. Costs

In the event Subscriber has not entered into an agreement with HOLDER to provide maintenance services for repairs due to ordinary wear and tear on the equipment, charges for repair services will be made to Subscriber on a time and materials basis based upon HOLDER's rates in effect at the time the repair service is rendered. Such service rates are subject to change without notice. Subscriber acknowledges that it is Subscriber's responsibility to make and to pay for all repairs or replacements should any part of the equipment be damaged by lightning, electrical surges or other acts of God, fire, riot, war, negligence, vandalism or any external cause.

7. Limitation of Liability and Liquidated Damages

A. It is understood and agreed that HOLDER is not an insurer, that insurance shall be obtained by Subscriber including personal injury, including death, and real or personal property loss or damage; that the payments and charges provided for herein are based solely on the value of the equipment and services, as set forth herein, and are unrelated to the value of the monitored location, Subscriber's property or the property of others located at Subscriber's monitored location. HOLDER makes no guarantee or warranty that the equipment supplied will avert or prevent occurrences of which the equipment or services are designed to detect or avert. Subscriber acknowledges it is impractical and extremely difficult to fix the actual damages, if any, which may proximately result from HOLDER's active or passive negligence, as failure to perform any of the obligations herein, or the failure of the equipment to properly operate with resulting loss to Subscriber because of, among other things: (i) the uncertain amount of value of Subscriber's property or the property of others kept at the Monitored location which may be lost, stolen, destroyed, damaged or otherwise affected by occurrences which the equipment or services are designed to detect or avert; (ii) the certainty of the response time of any police or fire department should the police or fire department be dispatched as a result of a signal being received or an audible device sounding; (iii) the inability to ascertain what portion, if any, of any occurrence would be proximately caused by HOLDER's failure to perform or by failure of its equipment to operate, and (iv) the nature of the services to be performed by HOLDER.

B. Subscriber understands and agrees that if HOLDER should be found liable for loss or damage to any persons or property, irrespective of cause, due to acts, errors or omissions which occur prior to, contemporaneously with, or subsequent to the execution of this agreement, whether due to (i) the negligence, whether active or passive, joint or separate, of HOLDER, its officers, agents, servants, employees, suppliers, subcontractors, and/or assigns to perform or properly perform any of the obligations herein, including but not limited to repair, installation, monitoring or other services; (ii) the failure of the system or equipment in any respect whatsoever; or (iv) otherwise, HOLDER's liability shall be limited to \$500.00, and this liability as herein set forth is fixed as liquidated damages and not as a penalty and this liability shall be complete and exclusive and shall survive the termination or expiration of this agreement. If Subscriber wishes HOLDER or its contractor to assume a greater limited liability, Subscriber may obtain from HOLDER a higher limitation of liability by paying an additional periodic service charge to HOLDER. If Subscriber elects to exercise this option, a rider shall be attached to this Agreement setting forth the terms, conditions and amount of the limited liability and the additional periodic charge. Such Rider and additional obligation shall in no way be interpreted to hold HOLDER or its contractor as an insurer. It is further agreed that the limitations on liability, expressed herein, shall inure to the benefit of and apply to all parents, subsidiaries, and affiliates of HOLDER.

C. Subscriber agrees to obtain insurance coverage adequate to protect Subscriber's interest in light of the limitations of liability stated in this Agreement. Subscriber hereby releases HOLDER, its officers, agents, servants, employees, subcontractors and/or assigns from any liability, including but not limited to death or personal injury of any persons for damage to property of any persons, by virtue of this Agreement or the relationship hereby established to the extent that such liability exceeds \$500.00 in the aggregate, whether such liability arises in contract, tort or equity; where such liability consists of general, direct, special, incidental, exemplary, punitive and/or consequential damages; where such liability is due to the design, sale, lease, installation, repair, service or monitoring of any systems, the dispatch of individuals to the premises, the failure or faulty operation of any equipment, the active or passive, sole, joint negligence of HOLDER, its officers, agents, servants, employees, suppliers, subcontractors and/or assigns; and/or loss or damage to facilities necessary to operate the equipment or central station, or otherwise. The foregoing release shall survive the termination or expiration of this in the aggregate, whether such liability arises in contract, tort or equity; whether such liability consists of general, direct, special, incidental, exemplary, punitive and/or consequential damages; whether such liability is due to the design, sale, lease, installation, repair, service or monitoring of any systems, the dispatch of individuals to the premises, the failure or faulty operation of any equipment, the active or passive, sole, joint negligence of HOLDER, its officers, agents, servants, employees, suppliers, subcontractors and/or assigns; and/or loss or damage to facilities necessary to operate the equipment or central station, or otherwise. The foregoing release shall survive the termination or expiration of this Agreement. HOLDER assumes no responsibility for any losses in excess of such amount. It should be noted that some states do not allow the exclusion or limitation of incidental or consequential damages, disclaimers of implied warranties, or limitations on how long an implied warranty lasts, so the limitations stated may not apply. Such state laws may grant Subscriber specific legal rights in addition to those created pursuant to this Agreement.

8. Company's Right to File Mechanic's Lien

Subscriber acknowledges that Subscriber is aware that if Subscriber defaults in the performance of any of the terms or conditions of this Agreement, HOLDER may have the right to record a Mechanic's Lien upon any property upon which HOLDER has bestowed labor and/or furnished material or equipment, for the value of such labor done, or materials furnished, and/or for the value of the use of such appliances or equipment, whether done or furnished at the instance of the owner or any person acting by or under the authority of the owner, or under the owner as a contractor or otherwise. Subscriber may be entitled to protect himself/herself/itself under applicable law against such claims either by filing with the court a "No Lien Agreement" or a payment bond, depending upon the law of the state where the monitored location is located.

9. Third Party Indemnification

Except as otherwise specifically provided in the Paragraph 7, Subscriber agrees to and shall indemnify and hold harmless, HOLDER, its affiliates, and then respective officers, employees, servants, agents and assigns from and against all claims and lawsuits which are brought or sustained by parties or entities other than the parties to this Agreement ("third parties"). This provision shall apply to all such claims based upon defective design, installation, repair, monitoring, operation or non-operation of the system or equipment, whether those claims are based upon negligence (active or passive, sole or contributory), warranty, contribution, indemnification, or strict or product liability, on the part of HOLDER, its officers, agents, servants, employees, subcontractors and/or assigns and shall survive the termination or expiration of this Agreement. This Agreement by Subscriber to indemnify HOLDER against the party claims as hereinabove set forth shall not apply to losses, damages, expenses and liability which occur while any employee of HOLDER is at the monitored location and which losses, damages and liability are solely and directly caused by the acts of said employee.

10. Subscriber's Duties as to use of Equipment

Subscriber shall cooperate with HOLDER in the operation and monitoring of the Equipment and shall follow all instructions and procedures which HOLDER may prescribe for the operation of the Equipment, the rendering of Services, and the provision of security for Subscriber's Monitored Location. Subscriber will test the equipment at least monthly in accordance with the instructions which Subscriber acknowledges Subscriber has received from HOLDER. Subscriber expressly covenants and agrees not to tamper with, disturb, injure, remove, or otherwise interfere with the Equipment or permit the same to be done by any third party. It is further agreed that the Equipment shall remain in the same location as installed and any removal or disturbance therein resulting from painting, altering, remodeling, or other wise, shall be paid for by the Subscriber. In addition to any sums specified herein, in accordance with then current standard charges of HOLDER. If subscriber fails to test the equipment at least monthly, HOLDER will not be responsible for any warranties or service provided under this agreement. If subscriber allows any third party or non-authorized HOLDER contractor to tamper with, disturb, injure, remove, reprogram, alter, or otherwise interfere with the Equipment, HOLDER will not be responsible for any warranties or service provided under this agreement.

11. Limited Warranty

A. HOLDER warrants that the Equipment will be free from defects in material and workmanship under normal use and operating conditions for a period of one year from the installation date. In the event that any part shall become defective within ninety (90) days from the date of this agreement, or for a term equal to that provided by the original equipment manufacturer, whichever is less, HOLDER shall replace or repair the defective part without charge to subscriber. Holder reserves the right to use reconditioned parts in fulfillment of this warranty. Warranty service will be furnished during HOLDER's regular business hours of Monday—Friday, excluding holidays from 8:00 am to 5:00 pm. Emergency service provided at other times shall be paid by Customer at the then applicable HOLDER rates. Subscriber must provide full access to the monitored location and to the Equipment requiring repair at the time agreed upon by HOLDER and Subscriber. Warranty service excludes replacement of batteries or repair of the Equipment as a result of damage from accident or abuse, misuse, faulty telephone or electrical connections, unauthorized repairs, vandalism, theft, acts of God, cosmetic damage, or other causes other than normal wear and tear. Parts required which were not defective shall be at additional cost to Subscriber. HOLDER shall not be responsible for failure to render service due to causes beyond HOLDER's control. Any other service provided shall be paid by Subscriber at HOLDER's then applicable service rates.

12. **Waiver of Subrogation:** Subscriber's insurance companies shall not have (a) any rights created by a lien agreement, loan receipt, or other like document or procedure, or (b) any right of subrogation against HOLDER or Representatives.

13. Taxes, Fees, Fines, Licenses, and Permits

A. Subscriber agrees to pay all sales tax, use tax, property tax, and any other taxes (excluding federal and state income taxes) in connection with the Equipment and Services listed above, including the use, monitoring and maintenance of the Equipment and sale of any additional equipment networks, if applicable, all charges made by any telephone company or other utility for service of the telephone and/or cellular network connecting Subscriber's premises to HOLDER's monitoring facility, any increase in electricity charges, and any building permit or other fees required under any ordinance or laws in order to monitor and/or maintain the Equipment at Subscriber's Monitored Location. To the extent these charges are not included in the charges for Services set forth in this Agreement, Subscriber agrees that HOLDER may pass the additional charges through to Subscriber at any time without notice.

B. In the event the Equipment is activated for any reason, expenses and penalties assessed against Subscriber and/or HOLDER by any court or local, state or federal governmental agency as a result thereof, shall be the sole responsibility of Subscriber. If HOLDER receives an excessive number of signal (to be determined in its sole discretion) related to false alarms which are caused either by the intentional or unintentional use of the Equipment, or if the Equipment is in any manner misused or abused, HOLDER, at its option, may be excused from further performance under this Agreement upon ten days written notice to Subscriber. Subscriber acknowledges that the Equipment, by virtue of its sensitive electromechanical and/or electronic nature, may cause an alarm to activate and that such circumstances are beyond the control of HOLDER.

C. Subscriber understands and agrees that Subscriber will be responsible for the acquiring and renewing of all applicable licenses and permits as required by any and all governmental entities in connection with the Equipment and/or the services. If Subscriber fails to maintain any required licenses or permits, HOLDER will not be held responsible for performing the services and may terminate the services without notice to Subscriber.

14. Emergency Information

Subscriber shall furnish to HOLDER certain emergency information to be provided in the Emergency Information Application and shall keep it current by providing HOLDER with any changes either in writing or by telephone and providing the identifying information required. However, HOLDER has no obligation to telephone any emergency agency or person other than the agency or person provided to HOLDER by Subscriber in writing. Subscriber understands that HOLDER is responsible only for endeavoring to notify by telephone the appropriate emergency agency or other person named by Subscriber in writing. Subscriber understands that HOLDER will not send any HOLDER personnel to Subscriber's location in response to alarm signal received unless Guard Service is specifically contracted for or is in compliance with state or local laws. Subscriber also understands that HOLDER does not represent or promise that anyone telephoned by HOLDER will respond to the call, and Subscriber releases HOLDER from any responsibility or liability for any losses incurred as a result of the failure or delay in responding. Subscriber agrees that HOLDER may record any telephone calls that Subscriber makes to HOLDER and any telephone calls that HOLDER makes from its facility to the Monitored Location.

15. Destruction of Central Station

Subscriber agrees that HOLDER's obligations hereunder are waived and HOLDER is automatically released without notice and without liability to Subscriber for any general, special, incidental, or consequential expense, loss or damage to Subscriber, in case the central station, connecting wires, equipment or facilities necessary to operate the Subscriber's Equipment or HOLDER's central station are destroyed, damaged or are inoperable for any reason whatsoever, and Subscriber shall be entitled to reimbursement of the pro-rata portion of any charges paid for the period of interruption on request of Subscriber.

16. Assignment

This Agreement is not assignable by Subscriber except upon the written consent of HOLDER, which shall be in HOLDER's sole and absolute discretion. This Agreement or any portion thereof is assignable by HOLDER in its sole and absolute discretion.

17. **Right to Subcontract:** HOLDER shall have the further right to subcontract any installation and/or services, including, but not limited to, Monitoring Service and/or Maintenance Services which it may perform. Subscriber acknowledges that this Agreement, and particularly the paragraphs relating to HOLDER limited liability, disclaimer of warranties and third party indemnification inure to the benefit of, and are applicable to, any assignees, and/or subcontractors of HOLDER, and that they bind Subscriber respect to said assignees and/or subcontractors with the same force and effect as they bind Subscriber to HOLDER.

18. Default / Termination

A. HOLDER may terminate its obligation to provide the Services at any time by mailing a notice by certified mail to Subscriber's billing address in the event (i) of a breach by Subscriber of any of the provisions of the Agreement; (ii) fees are unpaid; (iii) Subscriber abuses the Equipment or the use of the Central Station; (iv) the central station, the connecting lines or the Equipment are destroyed or are so substantially damaged that it is impractical to continue service; or (v) HOLDER is unable to either secure or retain the connection or privileges necessary for the transmission of signals between the Monitored Location and the central station, or between the central station and the appropriate police department, fire department or other agencies.

B. If Subscriber is in default under this Agreement and such default continues for ten days after HOLDER gives Subscriber written notice of such default, in addition to any other remedies provided by law, HOLDER may do any or all of the following without releasing Subscriber: (i) terminate this Agreement upon ten days written notice to Subscriber; (ii) without terminating this agreement, take possession of any HOLDER Equipment wherever located; (iii) by notice to Subscriber, declare immediately due and payable an amount equal to 100% of the fees to be paid by Subscriber during the remaining term (initial or Renewal) of this Agreement, which amount HOLDER and Subscriber agree is a reasonable determination of HOLDER's damages in the event of default or early termination of this Agreement by Subscriber; (iv) may dispose of, hold, lease or otherwise use any HOLDER-owned Equipment, as HOLDER determines in its sole discretion, without any duty to account to Subscriber. HOLDER may elect to, but shall not be required to resume providing Services upon cure of Subscriber's default.

C. In the event of a default and/or termination of the Agreement, HOLDER has the right under this Agreement to reprogram or disconnect Subscriber's Equipment so that it no longer communicates with the central station, without notifying Subscriber. In the event HOLDER must make a service call to the Monitored Location to terminate the transmission signals to HOLDER's central station, Subscriber shall pay \$85 to HOLDER as a disconnect fee. In the event Subscriber does not permit HOLDER to reprogram or disconnect the Equipment so that it no longer communicates with HOLDER's central station, Subscriber will be responsible for the Monitoring Services charges under the Agreement for as long as the Equipment is sending signals to HOLDER's central station.

19. Medical

Subscriber understands and accepts that HOLDER specifically denies any responsibility for Service associated with the notification or dispatching of paramedics, doctors and other medical personnel and/or ambulance services, and if there are any charges incurred as a result of said notification, said charges shall be the responsibility of Subscriber, whether requested or not and whether such entities were correctly or incorrectly notified by HOLDER.

20. Notices and General Legal Matters

A. Unless otherwise provided in this Agreement all notices under this Agreement are to be signed and dated in writing, and are to be sent by U.S. mail, postage prepaid, addressed to HOLDER or Subscriber at the addresses shown on first page of this Agreement. Subscriber or HOLDER will notify the other in writing of any change of address for the purpose of giving notices under this Agreement. Notices are effective five days after the date sent.

B. If a court determines that any provision of the Agreement is invalid or unenforceable, that provision will be null and void to the extent determined by the court; however, each and every other provision of this Agreement shall continue to be valid and enforceable.

C. Each party hereby irrevocably agrees that any suit, action or other legal proceeding ("suit") arising out of or from, in connection with or as a result of this agreement shall be brought exclusively in the state courts of record or the courts or the courts of the United States located in the district or county where HOLDER's corporate office is located. Each party consents to the exclusive jurisdiction and venue of each such court in any such suit and waives any objection that it may have to jurisdiction or venue of any such suit. Each party consents to service of process in accordance with the notice provisions of this agreement. Each party hereby waives any right to trial by jury in any suit, action or other legal proceeding brought by either party.

D. The accompanying Data Entry Form, Equipment List, and any other applicable riders or addendum's are incorporated into and made a part of this Agreement.

Initial _____



Planning and Building Department
Michelle Haynes, Planning and Building Director

February 2, 2017

Dragon Partners, LLC
dba Green Dragon Colorado
Attn: Andrew Levine
PO Box 930 W Byers Place
Denver, CO 80223

RE: Certificate of Zoning Compliance for a Retail Medical Marijuana Establishment

Dear Mr. Levine:

The Town of Telluride Planning Department has completed its review of the application submitted by the Dragon Partners, LLC for a Certificate of Zoning Compliance for a Medical Marijuana Center ("MMJ Center") pursuant to the provisions of Section 3-920.C of the Telluride Land Use Code ("LUC"). The proposed Center is located at Lot 51, Block 5, Town of Telluride, with the address of 119 West Colorado Avenue. (the "Property").

Please accept this letter as your Certificate of Zoning Compliance ("Certificate") for the Property which is limited in its authority to only recognizing that a Retail Marijuana Establishment is allowed in the Historic Commercial Zone District where this property is found.

Please be aware that the Town of Telluride regulates and must approve any associated signage for this proposed establishment and further regulates how Marijuana establishments advertise their products and establishment in the newspaper. Please call the Planning Department with questions and we can direct you to the appropriate application and further describe the regulations at (970) 728-2170.

Please also be aware that the Town of Telluride cannot approve a steel roll down security gate and shutters. This is inconsistent with our Main Street Design Guidelines. The Town of Telluride is a National Historic Landmark District designated by the National Park Service. The look and feel of Colorado Avenue, also known as Main Street and our Commercial Core, is regulated by design. Any alteration to the exterior of the building requires Historic and Architectural Review administered by the Planning Department. Please call 970 728 2144 for more information should **any** alteration be considered to the exterior of the building including and not limited to paint, windows, doors, security features or lighting.

Please let me know if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Michelle Haynes".

Michelle Haynes

Building and Planning Director

Cc: Marijuana Licensing Authority Administrator, Lauren Bloemsma
Clerks Department, Town of Telluride

Zoning Map /
P.U.D. Overlay
(SHEET 2 OF 2)

Zone Districts

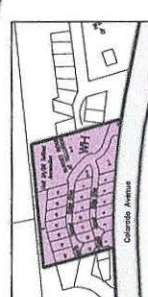
- Residential
- Residential/Commercial
- Medium Density Residential
- Commercial

Legend

- Dead lines
Boundaries of Town Additions
Ownership lines
River or Creek per Aerial Photography

Some holes are not numbered because they were identified without lot numbers.

SCALE: 1" = 200'



FOLEY
ASSOCIATES, INC.

Prepared for:
Town of Telluride
Planning Department
PO Box 397
Telluride, Colorado, 81435

NOVEMBER, 2016

TOWN OF TELLURIDE MARIJUANA LICENSING AUTHORITY

113 West Columbia Ave., PO Box 397

Telluride, CO 81435, (970) 728-2158

In Re: the Application for a New
Retail Marijuana Store License
submitted on behalf of:

Dragon Partners, LLC, a Colorado Limited Liability Company.

REQUESTS FOR ADDITIONAL INFORMATION IN SUPPORT OF APPLICATION

Dragon Partners, LLC, a Colorado Limited Liability Company (herein: “Applicant” “you,” or “your”), has submitted an Application for a new Retail Marijuana Store License to the Town of Telluride Marijuana Licensing Authority (the “Licensing Authority”), with a Proposed Licensed Premises located at: 119 West Colorado Avenue, First Floor, Telluride, Colorado 81435. The Clerk of the Licensing Authority forwarded the Application to the Hearing Officer for review on about March 7, 2017. Pursuant to TMC §6-6-107(a)(ii), the Licensing Authority requests that the Applicant provide the following additional information in support of its Application:

I. Concerning the Floor Plan Submitted for the Proposed Licensed Premises.

1. Indicate which walls depicted on your Floor Plan are already in existence and which walls, if any, you propose adding as part of a re-model?
2. Specifically describe the exterior lighting you intend to maintain on the Proposed Licensed Premises, including but not limited to: placement; wattage; color; lumens; ambit of light and the type of bulbs.
3. Indicate the location of the secure video surveillance room and explain how access to this room will be restricted.
4. Indicate the location of the locking safe(s).
5. Indicate the location of the boiler room and hot water heater that will serve the Proposed Licensed Premises.
6. Explain how you intend to screen the glass on the front windows and door from public view.
7. Indicate the planned interior location of the four (4) required 24" x 18" public notices.

8. Indicate the location of the customer overflow waiting area, if any, and its dimensions.
9. Provide a schematic diagram of the rear Adjacent Grounds, including the:
 - (a) location and dimensions of delivery and other motor vehicle parking, loading and unloading; and,
 - (b) location and dimensions of your employee access routes as described in your Operational Plan.
10. Indicate the planned placement/location(s) of all employees who will be responsible for verifying the age and possession of valid legal identification for everyone who enters your store.
11. Indicate the location of any additional view blocking screens, walls, shades or other barriers you plan to include between the entry, check-in and waiting areas, and the RMJ sales area. If you plan to include any additional view blocking barriers in the Proposed Licensed Premises, provide a written description of the nature (composition) thereof.
12. If the Applicant intends to include the Second Floor of 119 W. Colorado Ave. as part of the Proposed Licensed Premises, indicate on the Floor Plan the location of all windows and exterior doors, including emergency exits, if any, on the Second Floor.

II. Concerning the Submitted Operational Plan.

1. Specifically describe your operational plan for admitting and screening members of the public who enter your Store, including a description of employee positions and any check-in counters.
2. Describe your operational plan for expelling under-aged, intoxicated, belligerent and/or otherwise unacceptable members of the public who enter your store.
3. Describe your operational plan for accommodating overflow customers waiting to shop in your RMJ sales area.
4. Describe your operational plan for limiting the number of customers at your two POS stations in relation to the number of employees assisting those customers.
5. State how many customers and sales people can be accommodated in your RMJ sales area at one time.
6. Describe your operational plan for directing the flow of customer traffic away from the RMJ sales area and to the accessories room or the exit.

III. Miscellaneous Additional Information.

1. Provide evidence that Applicant has sole legal control of the entire second floor area of the Proposed Licensed Premises, as depicted in the Floor Plan submitted with your Application, by virtue of a lease or present ownership interest.
2. Do you plan to install any additional fire detection systems or fire suppression implements in the Proposed Licensed Premises, and, if so, describe the location and nature of any such additional fire detection/suppression systems or implements.
3. In the Floor Plan submitted with your Application a door is depicted on the first floor immediately to the west of the stairway. Explain where this doorway leads and who will have access to this door from the exterior of the Proposed Licensed Premises.

Done this 21st Day of April, 2017,

TELLURIDE MARIJUANA LICENSING AUTHORITY,

By: Jennifer S. Fox, Esq.

Jennifer S. Fox, Esq.
Town of Telluride
MJLA Hearing Officer

BEFORE THE COMBINED MEDICAL AND RETAIL MARIJUANA LICENSING AUTHORITY OF
TELLURIDE, COLORADO

Applicant: Dragon Partners, LLC dba Green Dragon Colorado

For: New Retail Marijuana Center License

AFFIDAVIT OF DRAGON PARTNERS LLC DBA GREEN DRAGON
NAME OF APPLICANT REPRESENTATIVE COLORADO

The undersigned, being first duly sworn, states and declares as follows:

I posted a Notice of Public Hearing consisting of a sturdily mounted poster at least 24" x 24" in size at a conspicuous location on the proposed premises for the Retail Marijuana Center License Application at least 15 days prior to the public hearing.

FURTHER AFFIANT SAYETH NOT.

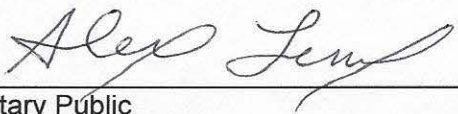

SIGNATURE OF APPLICANT REPRESENTATIVE

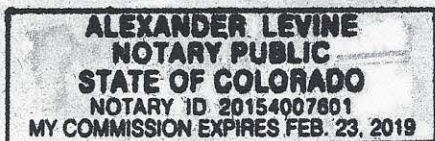
STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing declaration was sworn to before me this 9 day of JUNE,
2017, by ANDREW LEVINE.

WITNESS my hand and official seal.

My commission expires: 02-23-2019


Notary Public



From: [ashley berard](#)
To: [Tiffany Kavanaugh](#)
Subject: written comment for public comment hearing June 15th 2017
Date: Friday, June 09, 2017 12:00:04 PM

To whom it may concern,

My name is Ashley Berard, and I have lived in Telluride for 7+ years. I consider Telluride my home for so many reasons. I have held seasonal and full time year round positions, and have immersed myself in this unique little community. In my time here, I have been lucky enough to witness the evolving culture of medical and recreational marijuana. Over the last two years, I have been fortunate to work for "the boutique" dispensary of Telluride that focuses on a "healing from within" motto, where marijuana is medicine.

Holding our product to the highest standards, I feel confident in what I sell, knowing that people get what they pay for, and will be delighted to return. Giving the ultimate customer experience and extensive knowledge is standard here at Delilah. The personalized experience we provide, is what makes our dispensary destination worthy.

It has come to my attention that a proposal for a large chain dispensary to go in two doors down from Delilah. I'm concerned what this might mean for Delilah, the other 3 dispensaries, and the town of Telluride as a whole. One of the most unique qualities of Telluride is that it's filled with locally owned and operated businesses. Telluride is an opportunity for locals to make a living and thrive off what they think would compliment the supply and demand of our unique outdoor culture. I believe that by allowing a chain dispensary to operate here in Telluride, would take away from what has made Telluride's entrepreneurial quality. Not only would this proposed corporation take away from revenue of local shops, but it would tarnish Telluride's reputation for local opportunity.

I plan to stay in Telluride for years to come and want to continue to be a part of growing such an amazing community. Let's keep corporations out, and allow space for local creativity to thrive.

Thank you,

Ashley

From: [Joseph D'Alessandro](#)
To: [Tiffany Kavanaugh](#)
Subject: New Chain of Dispensaries Moving Into Telluride??
Date: Thursday, June 08, 2017 4:44:52 PM

Good Afternoon Tiffany,

My name is Joseph D'Alessandro and I am very concerned about the proposed new Green Dragon dispensary moving into town.

My brother, Danny D'Alessandro, and I both work at the Telluride Green Room.
We both work here year round and are able to live in Telluride because of this job.

A few days ago the manager of the "Green Dragon" Franchise explained that we would soon not have jobs in Telluride as Green Dragon is going to "put all of the local dispensaries out of business for good." He repeated himself several times explaining how Green Dragon would destroy all of the other local cannabis business in Telluride and how we would all be left without jobs if we do not come and work for Green Dragon.

I am scared because it sounds like I will soon no longer have a full time year round job at the Telluride Green Room; a job I love and have been at for over 3 years!

I don't understand why this is happening? Do we not already have enough dispensaries to service the demand of this town?

The revenue from this establishment will certainly not stay as local as dispensaries who's owners live in San Miguel County.

I have lived in Telluride for 7 years now. I am for the first time afraid of losing my job to outside interests.

Please consider NOT allowing this aggressive franchise to undermine the local cannabis market in Telluride!
Please DO NOT allow Green Dragon to move into town.

Sincerely,
Joseph and Danny D'Alessandro

From: [Craig Kennedy](#)
To: [Tiffany Kavanaugh](#)
Subject: Green Dragon Dispensary
Date: Thursday, June 08, 2017 7:18:21 PM

Dear Tiffany,

I am writing to ask you to please not approve the application for Green Dragon Dispensary in Telluride. They have aggressively stated that they intend to put the other local dispensaries out of business. They have bullied local bud tenders, telling them their days are numbered. That seems to say they are only interested in taking the whole pie, ignoring the damage that driving long time locals out of their livelihood would cause. They aren't deeply interconnected with the community as already established dispensaries are, and their motivation clearly seems to be greed. As a 25 year local and an employee of a local dispensary, i find it distressing to find my job in jeopardy from some greedy corporate outsiders. Please do not approve the Green Dragon dispensary application, it would only cause upset and strife for businesses and people who truly contribute to the community.

Thank you for your time.

Craig Kennedy

Craig Kennedy
970-708-1398

From: [scott mueller](#)
To: [Tiffany Kavanaugh](#)
Subject: public comment Green Dragon
Date: Friday, June 09, 2017 12:00:20 PM

To whom it may concern,

This a letter of public comment concerning the approval of Green Dragon's Marijuana facility in the Town of Telluride. I want to thank the Town of Telluride for the opportunity to own and operate a licensed Marijuana facility on main street in Telluride. I am concerned about the fact that Green Dragon is a corporate Marijuana facility that has the ability to offer extremely low prices compared to what the local marijuana businesses, already established in the community, can offer. I feel that there is a real possibility that a company like Green Dragon will negatively affect the operations of the four established Marijuana businesses in the town of Telluride. All of the businesses in Telluride rely greatly on the tourist economy during the busy weeks of the year in Telluride. All of the Marijuana businesses in Telluride do not have the ability to bring in significant revenue during the four months of off-season which a business like Green Dragon will be able to achieve considering their multitude of locations around the state of Colorado. The Marijuana businesses established in Telluride are very loyal to the town and local communities as well as the success of the Marijuana industry in the Telluride area.

Having two Marijuana businesses next to each other does not help the aesthetics of Telluride and does not necessarily help the community to fulfill Marijuana needs. There is not a need for more Marijuana shops between FIR and PINE street. The needs of the neighborhood have been fulfilled and there is not a void that needs to be filled on this part of Main street. I am very concerned that Green Dragons approval will put a strain on the businesses already established who have worked very hard to keep the businesses running while keeping a good relationship with the town of Telluride.

Sincerely,

Scott Mueller
Delilah LLC

From: [Jay Taylor](#)
To: [Tiffany Kavanaugh](#)
Subject: I support Green Dragon
Date: Wednesday, June 07, 2017 5:32:22 PM

We need the downward pressure on prices of another weed store, because what we have now isn't working. Prices are artificially high and they stay there. I'm also familiar with their product from my stay in Vail, and there can be no quality argument. They sold a quality product for a good price; and, if they're the same, I want them here. I support giving them a chance. It will change the competitive landscape a bit, but not as much as people think. I'm guessing they will actually take advantage of the artificially high prices in Telluride and not undercut the competition nearly as much as Alpine, Green Room, etc., think they will.

Also important, they're hiring local.

Best,

Jay Taylor

From: [Lexie Torelli](#)
To: [Tiffany Kavanaugh](#)
Subject: Written Comment for Public Comment Hearing 6/15/17
Date: Friday, June 09, 2017 11:55:14 AM

Hello Tiffany,

Below is my written comment regarding the opening of the proposed Green Dragon dispensary for the Public Comment Hearing on June 15, 2017. Thank you for your time Tiffany!

Written Comment:

Thank you to the town of Telluride for the opportunity to express my concerns with the proposed opening of the Green Dragon dispensary. My name is Lexie Torelli, I am the Operations Supervisor for Delilah on main street and have lived in Telluride for 6 years. We are a Medical and Recreational Marijuana facility that serve to locals and tourists in the area and consider ourselves "the boutique dispensary" destination in Telluride. Shopping local and supporting small businesses is very important to me, which is why this issue is so near and dear to my heart. I am in opposition to the opening of "Green Dragon", proposed to be 2 doors down from Delilah. This dispensary in particular is not only a chain, with 11 other locations in Colorado but has been likened to a large corporation. Upon research of this company I found many reviews that compared it to large corporations such as Walmart. Opening a facility like that wouldn't only take away from Delilah's revenue, but 3 of the other unique locally owned and operated dispensaries as well. We have all been established medically and recreationally; for some us 7+ years. It is taking capita from our economy and sending it right into the hands of the big wigs in Denver. Currently in Telluride, each of the 4 dispensaries have found their niche and a corporate angle could be detrimental to the growth of the already established shops. Telluride has so much more to offer as a community to tourists other than a corporate dispensary.

In my 6 years of living here, one of the things I appreciate most is that there are few chains. This allows small, local businesses like Delilah, the opportunity to thrive. Accepting Green Dragon is a step in the opposite direction and would likely suffocate profit margins for other shops due to corporate pricing structures. Bringing in another shop, especially a chain would ultimately put one or more local shops out of business. Let's continue with the evolution of having locally owned and operated businesses abundant in Telluride. Thank you again for your time.

Thanks,
Lexie Torelli
720-442-4311

From: [Mark Izard](#)
To: [Tiffany Kavanaugh](#)
Subject: New chain-store dispensary on Colorado Avenue?
Date: Friday, June 09, 2017 12:38:13 PM

Hello Tiffany.

I learned late yesterday afternoon of the Town's consideration of allowing a new marijuana dispensary based out of Denver to open in Telluride on Colorado Avenue. So, I certainly hope I have met today's deadline for public comment.

While I realize there is no specific ordinance blocking chain-stores from opening in our town, our local merchants certainly appreciate the fact that there is some public and governmental resistance than can be applied in order to help them exist, in a very challenging, tourist-town business environment. Therefore, I would like to voice my resistance to allowing a Denver-based marijuana dispensary to operate in Telluride.

Yesterday, I spoke with some employees and management of our local dispensaries. They told me that they had already been threatened by staff of the Denver-based chain. They were told their stores would not be able to compete; and therefore, their employees should just go ahead and apply with them. And, as you are probably aware, the owners of our four local dispensaries are very worried about losing their businesses due to this new dispensary having more buying power, and therefore lower prices in addition to having main street exposure.

These four locally-owned businesses have been good business partners within the community, pay taxes on their locally-owned land which provides locally-grown products, and employ many locals. As the current chair of the KOTO board of directors, and five-year board member, I have witnessed the partnerships that these businesses, particularly The Green Room and Alpine Wellness, provide to a vital Telluride non-profit such as ours. These on-going, and thriving, partnerships are essential to our local radio station surviving.

It's all about locals helping locals. And, supporting locally-owned businesses is a huge part of that, particularly in the small "bubble" known as Telluride.

As all Telluridians have witnessed over the last few years, our community is rapidly changing. Now, more than ever, our local businesses need to be supported as much as possible, and try and prevent more outside business money coming in to shake up their local roots.

Thank you, Tiffany, for allowing voices of the public to be heard in this process before making a very important decision for the overall future of Telluride.

Sincerely,

Mark Izard
Telluride resident
305-775-1910

Sent from my iPhone

From: [Laura Shaunette](#)
To: [Tiffany Kavanaugh](#)
Subject: Re: Combined MMJ Licensing Authority Public Hearing [Statement]
Date: Friday, June 09, 2017 2:36:50 PM

Hi Tiffany,

I am writing in regard to the upcoming meeting of the Combined Marijuana Licensing Authority re: the Application by Green Dragon. I want to encourage the Authority not to approve this application. Not only will approval of Green Dragon jeopardize the maintenance of our charm and small-town character by setting allowing more chains, but it will also clutter Main St with more pot shops. Four seems to be just enough to meet local demand. While we cannot deny a business for being a chain (something that would go against what seems to be a general prerogative of both locals and tourists), we can set a limit on how many cannabis dispensaries we want to host in Telluride.

I hope you will not approve this application. Thank you for your time and consideration.

Best,
Laura Shaunette